

BASE PROSPECTUS DATED 15 JULY 2019



URBAN EXPOSURE FINANCE PLC

£500,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by Urban Exposure Plc

Arranger and Dealer

Peel Hunt

AN INVESTMENT IN NOTES ISSUED UNDER THE PROGRAMME INVOLVES CERTAIN RISKS. YOU SHOULD HAVE REGARD TO THE FACTORS DESCRIBED IN PART II (RISK FACTORS) OF THIS DOCUMENT. YOU SHOULD ALSO READ CAREFULLY PART XIV (IMPORTANT LEGAL INFORMATION) OF THIS DOCUMENT.

ABOUT THIS DOCUMENT

What is this document?

This document constitutes a base prospectus prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "**FCA**") and relates to Urban Exposure Finance Plc's £500,000,000 Euro Medium Term Note Programme (the "**Programme**"), under which Urban Exposure Finance Plc (the "**Issuer**") may from time to time issue secured notes (the "**Notes**"). The Notes will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Urban Exposure Plc (the "**Guarantor**"). The Notes will be secured by way of a first floating charge over the whole of the undertaking and all property, assets and rights, both present and future, of the Issuer as described in this document (the "**Security**").

This document is valid for one year from the date of this document and may be supplemented or replaced from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it.

Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the FCA and to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities.

The Issuer does not intend to issue any Notes under this document which fall within an exemption from the requirement to publish a prospectus under Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**").

What types of Notes does this document relate to?

This document relates to the issuance of three different types of Notes: fixed rate Notes, on which the Issuer will pay interest at a fixed rate ("**Fixed Rate Notes**"); floating rate Notes, on which the Issuer will pay interest at a variable rate (referred to in this document as a "floating rate") ("**Floating Rate Notes**"); and zero coupon notes, which do not bear interest ("**Zero Coupon Notes**").

What other documents should I read?

This document contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Issuer, the Guarantor and the rights attaching to the Notes. Some of this information is completed in the Final Terms. **Before making any investment decision in respect of any Notes, you should read this document as well as the Final Terms which will be prepared in respect of such Notes and will be substantially in the form set out in Part X of this document (the "Final Terms").**

This document and the Final Terms relating to any Notes will be made available at the registered office of the Issuer and will be published at: www.urbanexposureplc.com/investors/Retail-Bond and www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

What if I have any questions relating to this document or the Programme?

If you are unclear in relation to any matter, or uncertain if the Notes issued under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant, tax or other independent financial adviser before deciding whether to invest.

IMPORTANT INFORMATION

Each of the Issuer and the Guarantor is responsible for the information contained in this document

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this document and, in relation to each specific issuance of Notes (a "**Tranche**"), the applicable Final Terms for such Tranche of Notes. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, this information has been accurately reproduced and, as far as each of the Issuer and the Guarantor is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information is identified where used.

Use of defined terms in this document

Certain terms or phrases in this document are defined in quotation marks and references to those terms elsewhere in this document are designated with initial capital letters.

In this document, references to:

- (i) the "**Issuer**" are to Urban Exposure Finance Plc, which is the issuer of the Notes under the Programme;
- (ii) the "**Guarantor**" are to Urban Exposure Plc, which is the guarantor of the Notes under the Programme;
- (iii) the "**Group**" are to the Guarantor and its consolidated subsidiaries (including the Issuer), taken as a whole;
- (iv) "**Eligible Loans**" are to loans which fulfil certain specified eligibility criteria set out in this Base Prospectus and which are originated or purchased by the Issuer, either by itself or jointly with one or more entity which grants or makes loans to third party borrowers, including other members of the Group or any other entity in which a member of the Group owns an equity interest or to which a member of the Group provides advisory or management services;
- (v) "**GBP**", "**sterling**" and "**£**" refer to pounds sterling;
- (vi) "**U.S. dollars**" and "**U.S.\$**" refer to United States dollars; and
- (vii) "**Euro**" and "**€**" are to the currency introduced at the start of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Overview of the Group

As at the date of this document, in addition to the Issuer, the Group consists of the Guarantor, its immediate subsidiary, Urban Exposure Holdings Limited, an intermediate holding company, and Urban Exposure Lendco Limited and Urban Exposure Amco Limited, both of which are wholly owned subsidiaries of Urban Exposure Holdings Limited and through which the Group conducts its lending and asset management operations, UEIM Limited, a wholly owned subsidiary of Urban Exposure Holdings Limited, and UE SFA 1 Limited, a wholly owned subsidiary of Urban Exposure Lendco Limited. The Issuer is a wholly owned subsidiary of Urban Exposure Holdings Limited. Urban Exposure Lendco Limited, UE SFA 1 Limited and Urban Exposure Amco Limited will provide services to the Issuer in connection with the acquisition and servicing of Eligible Loans. As at the date of this document, the Group provides advisory and management services to a partnership between the Group and Kohlberg Kravis Roberts ("**KKR**"), described in more detail in Part VII of this document (*Business of the Guarantor and its Group*).

Terms used in the descriptions of Eligible Loans and the relevant eligibility criteria

The Eligible Loans will be development loans, which have a term which is generally greater than 24 months but less than 48 months in duration, and which are loans secured by real estate and which are made to experienced property developers for the purposes of developing or converting a large building or site into a number of residential units and comprehensive renovations. Development loans are often paid back through the sale of units during the term of the loan or through refinancing with long-term property loans. Development loans can be secured by first-ranking or second-ranking legal charges.

Loan-to-value ratio ("**LTV**"), in the case of a loan which is secured by a first-ranking legal charge, is a ratio (expressed as a percentage) of the aggregate of (i) the principal amount of a loan and (ii) the accrued interest and fees thereon (after suspended income), compared either to (a) the appraised value of the property securing the loan or (b) the appraised value of the property securing the loan assuming that the development of the property has been completed. In the case of a loan which is secured by a second-ranking legal charge, LTV is a ratio (reflected as a percentage) of the aggregate of (i) the principal amount of such loan, (ii) the accrued interest and fees thereon (after suspended income) and (iii) the other loans secured over the same property by a first-ranking legal charge, compared either to (a) the appraised value of the property securing the loan or (b) the appraised value of the property securing the loan assuming that the development of the property has been completed. The appraised value of a property means the assessed value in the opinion of a qualified appraiser or valuer during the loan origination process, or the reappraised valuation of the property if a later valuation has been undertaken.

Loan-to-cost ratio ("**LTC**") is a ratio (expressed as a percentage) of the principal amount of a development loan compared to the cost of acquiring the relevant land and building the project. The LTC ratio is used to calculate the percentage of a loan or the amount that a lender is willing to provide to finance a project based on the hard cost of the construction budget and helps to delineate the risk or risk level of providing financing for a development project.

In this document, the average LTV of the Eligible Loans is calculated on a "weighted average basis" ("**WALTV**"). WALTV is calculated by multiplying the amount of the principal balance outstanding of each loan by its LTV, adding together the resulting amount for each loan and then dividing the total by the total outstanding principal balance of all of the loans. Using WALTV is a standard measure for analysing the risk and quality of a loan portfolio.

Most Eligible Loans bear interest at a fixed rate, subject to a minimum interest rate or "floor" calculated by reference to LIBOR. "**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 a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) 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. LIBOR, which is intended to provide a "risk free" measure of the rates at which banks can borrow from each other, is in the process of being discontinued (most probably from 31 December 2021) with a view to being replaced by one or more alternative measures. Currently, the Group's lending terms provide that if LIBOR is discontinued, the floor attributable to the loans will be calculated instead by reference to the lenders' own cost of funding pending general market recognition and acceptance of a specific alternative to LIBOR.

A first-ranking legal charge, which is registered at the Land Registry in the name of the lender (or a security trustee on behalf of the lender(s)), gives the lender (or the security trustee on its behalf) the ability to sell the particular property and use the proceeds of sale to repay the loan in question, after payment of enforcement costs but in priority to any other creditor.

A second-ranking legal charge, which is registered at the Land Registry in the name of the lender (or a security trustee on behalf of the lender(s)), means that another creditor has a first ranking legal charge and the second ranking legal charge sits behind it in terms of priority. If the property was sold in order to repay the debt, the proceeds of sale would first be applied in repayment of the debt owing to the first-ranking legal charge holder and secondly, in repayment of the debt owing to the second-ranking legal charge holder.

For some borrowers, loans which are secured by second-ranking legal charges may be a more cost-effective form of capital relative to other forms of borrowing, such as unsecured loans or overdrafts. Loans which are secured by second-ranking legal charges are repaid only after the obligations under loans secured by prior ranking legal charges have been satisfied or discharged. Consequently, loans secured by second-ranking legal charges are riskier from the perspective of a lender compared to loans secured by first-ranking legal charges, especially if properties are materially devalued. Enforcement rights for loans which are secured by second-ranking legal charges are generally the same as those for loans which are secured by prior ranking legal charges, although they are generally only capable of being enforced after repayment of any prior ranking secured indebtedness.

No Financial Services Compensation Scheme ("FSCS") Protection

The Notes issued under the Programme are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer or the Guarantor. If the Issuer or Guarantor goes out of business or becomes insolvent, you may lose all or part of your investment in the Notes.

No offer of Notes

This document alone does not constitute an offer to subscribe for any Notes. Any offer to subscribe for Notes will only occur when the Issuer publishes Final Terms setting out the specific terms of the relevant offer. See Part XIV (*Important Legal Information*) of this document for details on how any public offers of Notes will be made.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as each of those terms is defined in Regulation S under the Securities Act).

MiFID II product governance / target market

The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending any such Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU ("**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

EEA Retail Investors

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", such Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of:

- (i) a retail client as defined in point (11) of Article 4(1) MiFID II;
- (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Directive.

In respect of any such Notes, no key information document (a "**KID**") required by Regulation (EU) No 1286/2014 (the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA will be prepared and therefore offering or selling the Notes or

otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. If a KID has been prepared and made available by the Issuer in respect of any Notes, the relevant Final Terms will specify that a KID has been made available.

Benchmark Regulation

Amounts payable under Floating Rate Notes issued may be calculated by reference to the London inter-bank offered rate ("**LIBOR**"), which is provided by ICE Benchmark Administration Limited and the Euro-zone inter-bank offered rate ("**EURIBOR**"), which is provided by the European Money Markets Institute. As at the date of this Base Prospectus, ICE Benchmark Administration Limited appears, and the European Money Markets Institute does not appear, on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**BMR**"). The transitional provisions in Article 51 of the BMR apply such that the European Money Markets Institute is not currently required to obtain authorisation or registration.

HOW DO I USE THIS DOCUMENT?

You should read and understand fully the contents of this document and the applicable Final Terms before making any investment decisions relating to any Notes. This document contains important information about Urban Exposure Finance Plc (the "**Issuer**"), Urban Exposure Plc (the "**Guarantor**"), the Guarantor and its subsidiaries (including the Issuer) taken as a whole (the "**Group**") and the terms of the Notes and the Security. This document also describes certain risks relevant to the Issuer, the Guarantor and the Group and its business and also other risks relating to an investment in the Notes generally.

An overview of the various parts comprising this document is set out below:

Part I (*Summary*) sets out in tabular format standard information which is arranged under standard headings and which the Issuer and Guarantor are required, for regulatory reasons, to include as a summary for a base prospectus of this type. This part also provides the form of the "issue specific summary" information, which will be completed and attached to the Final Terms relating to any Notes which are to be offered under the Programme.

Part II (*Risk Factors*) provides a description of the principal risks and uncertainties which may affect the Issuer's and the Guarantor's respective abilities to fulfil their obligations under the Notes, as well as certain other risks relating to an investment in the Notes generally.

Part III (*Information About the Programme*) provides a synopsis of the Programme in order to assist the reader.

Part IV (*How the Return on Your Investment is Calculated*) sets out worked examples of how the interest amounts are calculated under a variety of scenarios and how the redemption provisions will affect Notes that may be issued under the Programme.

Part V (*Taxation*) provides a brief outline of certain taxation implications regarding Notes that may be issued under the Programme.

Part VI (*Business of the Issuer*) describes certain information relating to the Issuer.

Part VII (*Business of the Guarantor and the Group*) describes certain information relating to the Guarantor and the Group, as well as the business that the Group conducts and its group structure.

Part VIII (*Terms and Conditions of the Notes*) sets out the terms and conditions which apply to any Notes that may be issued under the Programme. The applicable Final Terms relating to any offer of Notes will complete the terms and conditions of those Notes.

Part IX (*Summary of Provisions Relating to the Notes while in Global Form in the Clearing Systems*) is a summary of certain parts of those provisions of the Global Notes and Global Certificates which apply to the Notes while they are held in global form by the clearing systems, some of which include minor and/or technical modifications to the terms and conditions of the Notes as set out in this document.

Part X (*Form of Final Terms*) sets out the respective forms of Final Terms that the Issuer will publish if it offers any Notes under the Programme. Any such completed Final Terms will detail the relevant information applicable to each respective offer of Notes, adjusted to be relevant only to the specific Notes being offered.

Part XI (*Clearing and Settlement*) is a summary of clearing and settlement when interests in the Notes are held and settled in CREST.

Part XII (*Subscription and Sale*) contains a description of the material provisions of the Dealer Agreement entered into between the Issuer, the Guarantor and Peel Hunt (as may be amended, modified or replaced from time to time), which includes the principal selling restrictions applicable to any Notes that may be offered under the Programme.

Part XIII (*Additional Information*) sets out further information on the Issuer, the Guarantor and the Programme which the Issuer and Guarantor are required to include under applicable rules. These

include the availability of certain relevant documents for inspection, certain confirmations from the Issuer and the Guarantor and details relating to the listing of the Notes.

Part XIV (*Important Legal Information*) contains some important legal information regarding the basis on which this document may be used for the purposes of making any public offers of Notes issued under the Programme, forward-looking statements and other important matters.

Appendix (*Audited Financial Information on the Guarantor*) contains audited financial information on the Guarantor for the period from 10 April 2018 to 31 December 2018.

A table of contents, with corresponding page references, is set out on the following page.

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PART I: SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A–E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities, issuer and guarantor. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be inserted in the summary because of the type of securities, issuer and guarantor, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of the words "not applicable".

Section A – Introduction and warnings		
A.1	Introduction	<p>This summary must be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EU Member States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary (including any translation thereof), but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Any consents to and conditions regarding use of this document	<p>[Not Applicable. The Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).]</p> <p>[Each of Urban Exposure Finance Plc (the "Issuer") and Urban Exposure Plc (the "Guarantor") consents to the use of the Base Prospectus in connection with any offer of Notes which is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended or superseded) (a "Public Offer") of the Notes by any financial intermediary which is authorised to make such offers (an "Authorised Offeror") under Directive 2014/65/EU ("MiFID II") on the following basis:</p> <ul style="list-style-type: none"> (i) the relevant Public Offer must occur during the period from (and including) [•] to (but excluding) [•] (the "Offer Period"); and (ii) the relevant Authorised Offeror must satisfy the following conditions: [•].] <p>Authorised Offerors will provide information to any persons ("Investors") on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the Investor.</p> <p>ANY UNNAMED OFFEROR MUST STATE ON ITS WEBSITE THAT IT IS USING THE BASE PROSPECTUS IN ACCORDANCE WITH</p>

		THIS CONSENT AND THE CONDITIONS ATTACHED HERETO.
Section B – Issuer and Guarantor		
B.1 (B.19)	Legal and commercial names	<p>The Issuer's legal and commercial name is Urban Exposure Finance Plc.</p> <p>The Legal Entity Identifier of the Issuer is 894500KBDAKYAUXPIQ93.</p> <p>The Guarantor's legal name is Urban Exposure Plc and its commercial name is Urban Exposure.</p>
B.2 (B.19)	Domicile/legal form/ legislation/country of incorporation	<p>The Issuer is a public limited company, incorporated on 3 July 2019 under the Companies Act 2006 in England and Wales with registered number 12083859 and its registered office situated at 6 Duke Street St James's, London SW1Y 6BN, United Kingdom.</p> <p>The Guarantor is a public limited company, incorporated on 10 April 2018 under the Companies Act 2006 in England and Wales with registered number 11302859 and its registered office situated at 6 Duke Street St James's, London SW1Y 6BN, United Kingdom.</p>
B.4b (B.19)	Known trends affecting the Issuer and the Guarantor and the industries in which they operate	<p>The Guarantor believes that the market in which it operates has two fundamental drivers:</p> <ul style="list-style-type: none"> • Too few homes are being built – a recent projection by the UK Government states that approximately 300,000 new homes need to be built in England every year for the next decade in order to keep pace with rising demand and population growth. • A shortage of development finance – small and medium enterprise ("SME") housebuilders' demands for finance outstrip supply due to the dramatic reduction in traditional bank lending to the residential development sectors since 2007, largely due to bank regulatory reforms following the global financial crisis in particular enhanced capital adequacy requirements. <p>The Guarantor believes that the current cross-party political will in the United Kingdom to address housing shortages and positive economic drivers, including low interest rates, inflation and real wage growth, which continue to facilitate home ownership contribute to the market opportunity that the Guarantor is seeking to address.</p> <p>A key consideration for the Guarantor is the impact on the UK economy by Brexit given there is still no clarity as to the nature of the UK's ongoing relationship with the rest of the EU. The key mitigant to Brexit risk for the Guarantor is to lend only on assets for which the ongoing need, and therefore value, is less likely to be adversely affected by the UK's future relationship with the EU. This translates to prudent credit policies and rigorous deal appraisal to ensure the sales risk of underlying properties is particularly low, for example through pre-sales and the financing of projects addressing undersupplied segments of the market.</p>
B.5	Description of the	The Guarantor, together with its subsidiaries (including the Issuer) (the " Group "), is a specialist real estate financier. The Guarantor is the

(B.19)	Group	<p>ultimate holding company of the Group and is responsible for the overall business strategy and performance of the Group.</p> <p>The Issuer's activities are limited by the Terms and Conditions of the Notes to (i) issuing Notes under this Programme (and undertaking various related activities to the issuance of Notes), and (ii) originating loans and purchasing loans either by itself or jointly with one or more entity which grants or makes loans to third part borrowers, including other members of the Group or any other entity in which a member of the Group owns an equity interest or to which a member of the Group provides advisory or management services, and which fulfil certain specified eligibility criteria set out in the Base Prospectus ("Eligible Loans") (and management of its portfolio of Eligible Loans and any business ancillary or complementary thereto).</p>																								
B.9 (B.19)	Profit forecasts/estimates	Not applicable: neither the Issuer nor the Guarantor has made any public profit forecasts or estimates.																								
B.10 (B.19)	Audit report — qualifications	<p>Not applicable: The audit report on the audited financial information with respect to the Guarantor contained in this document does not include any qualifications.</p> <p>Not applicable: The Issuer was incorporated on 3 July 2019 and, having not yet commenced trading, there is no historical financial information available with respect to the Issuer.</p>																								
B.12 (B.19)	Selected historical key financial information	<p>The following tables set out the audited consolidated statement of financial position as at 31 December 2018, summary audited consolidated statement of comprehensive income and summary audited consolidated cash flow statement of the Guarantor for the period from 10 April 2018 to 31 December 2018 (being the first period since the Guarantor's date of incorporation for which audited financial statements are available).</p> <p>Audited Consolidated Statement of Financial Position of the Guarantor as at 31 December 2018</p> <table><tr><td>Non-current assets</td><td>£'000</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Intangible assets</td><td>12,420</td></tr><tr><td>Tangible assets</td><td>4,276</td></tr><tr><td>Investments</td><td>1,949</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Total non-current assets</td><td>18,645</td></tr><tr><td colspan="2"><hr/></td></tr><tr><td>Current assets</td><td></td></tr><tr><td>Loan receivables</td><td>89,544</td></tr><tr><td>Trade and other receivables</td><td>3,947</td></tr><tr><td>Cash and cash equivalents</td><td>46,806</td></tr></table>	Non-current assets	£'000	<hr/>		Intangible assets	12,420	Tangible assets	4,276	Investments	1,949	<hr/>		Total non-current assets	18,645	<hr/>		Current assets		Loan receivables	89,544	Trade and other receivables	3,947	Cash and cash equivalents	46,806
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		Total current assets	140,297
		Total assets	158,942
		Current liabilities	
		Trade and other payables	3,217
		Lease liabilities	229
		Dividends payable	1,316
		Total current liabilities	4,762
		Total assets less current liabilities	154,180
		Non-current liabilities	
		Lease liabilities	3,576
		Deferred tax	83
		Total non-current liabilities	3,659
		Net assets	150,521
		Equity and reserves	
		Share capital	1,700
		Share premium	-
		Retained earnings	148,821
		Total equity and reserves	150,521
		As the Guarantor was incorporated on 10 April 2018, the Guarantor has no comparative prior financial periods.	
		Audited Consolidated Statement of Comprehensive Income of the Guarantor for the period from 10 April 2018 to 31 December 2018	
		Before exceptional items	Exceptional items
		£'000	£'000
			Total £'000
		Income	3,903
		Operating costs	(5,011)

		Operating loss	(1,108)	(869)	(1,977)
		Finance costs		(12)	
		Loss before taxation for the period			(1,989)
		Taxation		273	
		Loss after taxation for the period and total comprehensive income			(1,716)
		Earnings per share			
		Basic EPS		(1.18p)	
		Diluted EPS		(1.18p)	
		All activities derive from the continuing operations of the Group.			
		As the Guarantor was incorporated on 10 April 2018, the Guarantor has no comparative prior financial periods.			
		Audited Consolidated Cash Flow Statement of the Guarantor for the period from 10 April 2018 to 31 December 2018			
				£'000	
		Cash flows from operating activities			
		Loss for the period after taxation		(1,716)	
		Adjustments for non-cash items:			
		Amortisation of intangible assets		122	
		Share-based payments		480	
		Finance costs		12	
		Deferred tax credit for period		(273)	
					(1,375)
		Changes in working capital			
		Increase in payables		2,160	
		Increase in trade investments		(1,949)	
		Increase in receivables		(89,693)	

		<p>Net cash outflow from operating activities (90,857)</p> <hr/> <p>Cash flows from investing activities</p> <p>Payments for purchase of tangible assets (410)</p> <hr/> <p>Net cash outflow from investing activities (410)</p> <hr/> <p>Cash flows from financing activities</p> <p>Proceeds from the issue of share capital 150,000</p> <p>Share issue expenses (6,722)</p> <p>Share buyback (5,205)</p> <p>Dividends paid -</p> <hr/> <p>Net cash inflow from financing activities 138,073</p> <hr/> <p>Net increase in cash and cash equivalents 46,806</p> <p>Cash and cash equivalents brought forward -</p> <hr/> <p>Cash and cash equivalents at 31 December 2018 46,806</p> <hr/> <p>As the Guarantor was incorporated on 10 April 2018, the Guarantor has no comparative prior financial periods.</p> <p>There has been no significant change in the financial or trading position of the Guarantor or the Guarantor and its consolidated subsidiaries taken as a whole since 31 December 2018. There has been no material adverse change in the prospects of the Guarantor since 31 December 2018.</p> <p>The Issuer was incorporated on 3 July 2019 and is a wholly owned subsidiary of Urban Exposure Holdings Limited.</p> <p>There has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the prospects of the Issuer, in both cases since the date of its incorporation. The Issuer has no subsidiaries.</p>
B.13 (B.19)	Recent events particular to the Issuer or the Guarantor which are to a material extent relevant to the evaluation of the Issuer's and/or the Guarantor's solvency	Not applicable; there have been no recent events particular to the Issuer or the Guarantor which are to a material extent relevant to the evaluation of the Issuer's and/or the Guarantor's solvency.
B.14	Dependence of the Issuer/Guarantor on	Please see Element B.5 above. The Guarantor is the ultimate holding company of the Group and is responsible for the overall business

(B.19)	other entities within the Group	<p>strategy and performance of the Group</p> <p>The Issuer is not dependent on any other member of the Group, save that (i) it is a wholly owned subsidiary of Urban Exposure Holdings Limited, and (ii) the obligations of the Issuer under the Programme are guaranteed by the Guarantor (the "Guarantee"). In addition, if the surplus proceeds from the sale of assets following an enforcement event proved to be insufficient to cover all amounts due and payable to holders of Notes ("Noteholders") in respect of the Notes, then Noteholders would be dependent on being able to receive any shortfall in money from the Guarantor (pursuant to the Guarantee) for satisfaction of any outstanding amounts.</p>
B.15 (B.19)	Description of the Issuer's and Guarantor's principal activities	<p>The Group is a specialist real estate financier. The Guarantor is the ultimate holding company of the Group and is responsible for the overall business strategy and performance of the Group.</p> <p>The Issuer is a newly incorporated wholly owned subsidiary of Urban Exposure Holdings Limited. The Issuer's activities are limited by the Terms and Conditions of the Notes to (i) issuing Notes under this Programme (and undertaking various related activities to the issuance of Notes), and (ii) originating or purchasing and funding Eligible Loans (and management of its portfolio of Eligible Loans and any business ancillary or complementary thereto).</p>
B.16 (B.19)	Control of the Issuer/Guarantor	<p>The Issuer is a wholly owned subsidiary of Urban Exposure Holdings Limited.</p> <p>The Guarantor is not directly or indirectly owned or controlled by any one party.</p>
B.17 (B.19)	Credit ratings	<p>None of the Issuer, the Guarantor, their respective debt securities or the Programme have been assigned a credit rating by a credit rating agency.</p> <p>Programme summary:</p> <p>A Series of Notes issued under the Programme may be rated by a credit rating agency or may be unrated. Such ratings will not necessarily be the same as the rating assigned to the Issuer, the Guarantor or to any other Series of Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>Issue specific summary:</p> <p>[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect credit ratings assigned to Notes of this type issued under the Programme generally]:</p> <p>[Name of rating agency: [•]]</p>
B.18	Guarantee	<p>The Guarantor will unconditionally and irrevocably guarantee the payment of all sums payable by the Issuer in respect of the Notes and to all Secured Creditors (as defined in Element C.8 below). Therefore, if the Issuer fails to make payment due to the Noteholders in respect of the Notes (or fails to make any payment due to any of the Secured</p>

		Creditors), the Guarantor will be legally bound to make such payment.
Section C – Securities		
C.1	Type and class of securities	<p>Programme summary:</p> <p>The Notes described in this summary are debt securities which may be issued under the £500,000,000 Euro Medium Term Note Programme of the Issuer arranged by Peel Hunt LLP as arranger and dealer under the Programme.</p> <p>The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme.</p> <p>The Notes will be issued on a non-syndicated basis (i.e. sold through one Dealer) or a syndicated basis (i.e. sold through more than one Dealer). The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (if any)), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, the date and amount of the first payment of interest (if any) and/or nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Final Terms (the "Final Terms").</p> <p>The Notes may be "Fixed Rate Notes", "Floating Rate Notes" or "Zero Coupon Notes", as specified below (see Element C.9 for more details). Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The Issue Price of the relevant Notes will be determined by the Issuer before filing of the applicable Final Terms of each Tranche based on the prevailing market conditions. Notes will be in such denominations as may be specified below.</p> <p>The Notes may be issued in bearer form ("Bearer Notes") (i.e. where physical possession of the Note is the sole evidence of legal ownership) or in registered form ("Registered Notes") (i.e. where legal ownership is evidenced by the name of the holder being registered on the register of Noteholders) only.</p> <p>Issue specific summary:</p> <p>Series Number: [•]</p> <p>Tranche Number: [•]</p> <p>Aggregate Nominal Amount: [•]</p> <p>Series: [•]</p> <p>Tranche: [•]</p>

		<p>Issue Price: [•]% of the Aggregate Nominal Amount [plus accrued interest from [•]]</p> <p>Specified Denomination: [•]</p> <p>Form of Notes: [Bearer Notes:]</p> <p>[Temporary Global Note]/[Permanent Global Note]</p> <p>[Registered Notes:]</p> <p>[Global Certificate]</p> <p>ISIN: [•]</p> <p>Common Code: [•]</p>
C.2	Currency of issue	<p>Programme summary:</p> <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer or Dealers.</p> <p>Issue specific summary:</p> <p>The Specified Currency or Currencies of the Notes to be issued [is/are][•].</p>
C.5	Restrictions on transfer	<p>Programme summary:</p> <p>The Notes will be freely transferable. However, the primary offering of any Notes will be subject to offer restrictions in the United States, Japan, the European Economic Area (including the United Kingdom and the Republic of Ireland), Jersey, Guernsey and the Isle of Man and to any applicable offer restrictions in any other jurisdiction in which such Notes are offered or sold.</p> <p>Issue specific summary:</p> <p>U.S. selling restrictions: Regulation S Compliance Category 2: [C Rules/D Rules/TEFRA not applicable]</p>
C.8	Rights attaching to the securities	<p>Programme summary:</p> <p><i>Status of the Notes and the Guarantee</i></p> <p>The Notes constitute secured debt obligations of the Issuer. The Notes will rank <i>pari passu</i> (i.e. equally in right of payment), without any preference among themselves.</p> <p>The obligations of the Guarantor under the Guarantee constitute direct, unconditional, irrevocable and (subject to the negative pledge given by the Guarantor (described below)) unsecured obligations of the Guarantor. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to the negative pledge given by the</p>

		<p>Guarantor, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor. For this purpose "unsubordinated" denotes senior debt obligations (i.e. debt obligations that contain no provisions which serve to subordinate them to any other debt obligations).</p> <p><i>Security</i></p> <p>The Issuer will grant security for the Notes on the date of issue of the relevant Notes. The benefit of the security will be held on trust by U.S. Bank Trustees Limited (in its role as the "Security Trustee") for and behalf of itself and the issuing and paying agent, the paying agents, the transfer agents, the registrar, the calculation agent(s) for the relevant Notes and the Noteholders (the "Secured Creditors"). The security will take the form of a first floating charge over the whole of the undertaking and all property, assets and rights, both present and future, of the Issuer.</p> <p>A "floating charge" enables a chargee (i.e. the Security Trustee) to take security over assets whilst at the same time enabling the chargor (i.e. the Issuer) to continue to operate its business without the restrictions that would follow from granting fixed charges over those assets and/or interests in them. The assets subject to a floating charge can generally be dealt with by the chargor companies in the ordinary course of their respective businesses (including sale of such assets and/or interests in them from time to time as they wish). A floating charge effectively "hovers" over a shifting pool of assets. However, on the occurrence of certain events (notably if a receiver or an administrator is appointed to take enforcement action against the chargor company or companies or if there is a default in the Issuer's obligations in relation to the Notes) the floating charge "crystallises" and will effectively be converted into a fixed charge with respect to the assets and/or interests in them which are at that point in time owned by the Issuer, and will prohibit the Issuer from disposing of any assets and/or interests in them going forwards without the Security Trustee's prior consent.</p> <p>The Issuer's assets are likely only to be the Eligible Loans it originates or purchases and the net proceeds from any issuances of Notes (less such sums which are lent as Eligible Loans) and there can be no assurance that (i) the Issuer will be able to originate or purchase and fund Eligible Loans, (ii) borrowers under Eligible Loans ("Borrowers") will not default or (iii) the Issuer will be able to recover sufficient sums following enforcement of the security relating to a defaulted Eligible Loan to satisfy, on a timely basis, the obligations of the Borrower. As a result, there can be no assurance that the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Security. For the avoidance of doubt, the Security Trustee will have no rights to enforce security over any property or properties in respect of which an Eligible Loan has been granted or over any security granted by the Borrower or the Guarantor.</p> <p><i>Negative pledge of the Guarantor</i></p> <p>The Terms and Conditions of the Notes contain a negative pledge provision in respect of the Guarantor. In general terms, a negative pledge provision provides the Noteholders with the right to benefit from equivalent or similar security rights granted to the holders of any future</p>
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		<p>issues of Notes or other debt securities which are issued by the Guarantor. Under the negative pledge provision set out in the Terms and Conditions of the Notes, the Guarantor may not create or have outstanding any security interest over any of its present or future undertakings, assets or revenues to secure any guarantee or indemnity in respect of bonds, notes, debentures, loan stock or other securities which are listed on a stock exchange or other securities market without securing the Notes equally and rateably, subject to certain exceptions.</p> <p>The negative pledge does not prevent the Guarantor entering into loan agreements or issuing unlisted bonds, notes, debentures, loan stock or other securities which are secured against the assets of the Guarantor and/or other members of the Group.</p> <p><i>Events of Default</i></p> <p>An event of default is a breach by the Issuer or Guarantor of certain provisions in the Terms and Conditions of the Notes. Events of default under the Notes include, subject to certain exceptions: (a) non-payment of principal or interest for 14 days, (b) breach of the financial covenants described in "<i>Financial Covenants</i>" below and certain other covenants (which breach is not remedied within 30 days), (c) breach of other obligations under the Notes, the Trust Deed or the Security Deed (which breach is not remedied within 30 days), (d) defaults under other debt agreements for borrowed money of the Issuer, the Guarantor or any Material Subsidiary subject to an aggregate threshold of £10,000,000, (e) enforcement proceedings against the Issuer, the Guarantor or any Material Subsidiary, (f) certain events related to insolvency or winding-up of the Issuer, the Guarantor or any Material Subsidiary, (g) the Issuer ceasing to be wholly-owned and controlled by the Guarantor, (h) the Security Deed not being in full force and effect or not creating the Security which it is expressed to create with the ranking and priority that it is expressed to have created, and (i) the Guarantee not being in full force and effect. In addition, Trustee certification that certain of the events described above would be materially prejudicial to the interests of the Noteholders is required before such events will be deemed to constitute Events of Default.</p> <p>For the purposes of the foregoing, a "Material Subsidiary" is a subsidiary of the Guarantor (other than the Issuer and those subsidiaries which have entered into finance arrangements where the recourse of the lender(s) is limited to the assets of that subsidiary) whose gross assets represent not less than 10% of the Group's gross assets.</p> <p>As at the date of the Base Prospectus, the Material Subsidiaries are Urban Exposure Holdings Limited, Urban Exposure Lendco Limited and Urban Exposure Amco Limited.</p> <p><i>Financial Covenants</i></p> <p>The Issuer and the Guarantor have, pursuant to covenants set out in the Terms and Conditions of the Notes, undertaken to ensure that they maintain certain ratios and comply with certain limitations in respect of the Eligible Loans they originate or purchase and fund using the net proceeds of issuance of any Notes.</p> <p>These include:</p>
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		<p>(i) an undertaking that, with effect from the first anniversary of the issue of which the Eligible Loan is granted at or around the time it is granted, and the total principal balance of all Eligible Loans held by the Issuer at the time the ratio is calculated. The broad purpose of this covenant is to prevent the Issuer originating or purchasing too many Eligible Loans which are too large relative to the value of the property to which they relate;</p> <p>(ii) an undertaking that the total value of the assets which together make up the security underlying the Notes (i.e. the value of Eligible Loans owned by the Issuer, and the cash held by the Issuer (such as cash received from the issue of Notes)) will be at least equal to the nominal amount of all Notes which are outstanding at all times after the first anniversary after the issue date of the relevant Notes. The purpose of this covenant is to ensure that, if ever the security underlying the Notes had to be enforced, the value of the security will be sufficient to ensure that Noteholders are repaid as much as possible (though this covenant does not mean that Noteholders are guaranteed to receive repayment in full in such a scenario as the Noteholders will have the right to be paid amounts due to them only after payment of, first, the remuneration, costs, expenses and liabilities due and payable to the Security Trustee and the Trustee, including costs incurred by them (or any receiver appointed by them) in the enforcement of the Security and, secondly, remuneration, costs, expenses and liabilities due and payable to the issuing and paying agent, the paying agents, the transfer agents, the registrar and the calculation agents appointed in respect of the Notes); and</p> <p>(iii) an undertaking that the amount payable to the Issuer on all Eligible Loans will exceed the amount of interest payable to Noteholders (and holders of other Notes issued under the Programme) by a ratio of at least 1.2:1.0. This covenant will be tested annually, starting on 31 December in the year of the first anniversary of the issue date of any Notes. The purpose of this covenant is to ensure that the Eligible Loans in the Issuer's portfolio will, over time, result in the Issuer receiving more interest than the amount of interest it has to pay out to holders of Notes issued under the Programme.</p> <p><u>Worked example of the undertaking described in (ii) above:</u></p> <p>The worked example presented below is for illustrative purposes only and is in no way representative of the Issuer's issuance plans. The worked example is intended to demonstrate how the undertaking described in paragraph (ii) above is designed to work.</p> <p>On 1 August 2019, the Issuer issues £25 million in nominal amount of Notes ("Series 1 Notes"). On 1 October 2019, the Issuer issues a further £25 million in nominal amount of Notes ("Series 2 Notes"). On 1 January 2020, the Issuer issues a further £25 million in nominal amount of Notes ("Series 3 Notes").</p> <p>12 months after the issue date of the Series 1 Notes (being 1 August 2020), the total value of the assets which make up the security underlying the Notes must be at least equal to £25 million.</p> <p>12 months after the issue date of the Series 2 Notes (being 1 October</p>
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		<p>[The details of the put option are: [•]]</p> <p>Final Redemption Amount of each Note: [•] per Calculation Amount</p> <p>Early Redemption Amount: [[•] per Calculation Amount]</p> <p>Indication of yield</p> <p>The yield in respect of each issue of Fixed Rate Notes will be calculated on the basis of the Issue Price and is set out below.</p> <p>Issue specific summary:</p> <p>Yield: [•]</p> <p>Trustee and Security Trustee</p> <p>The Issue has appointed U.S. Bank Trustees Limited to act as trustee for the holders of Notes and also as security trustee to hold the benefit of the Security in respect of the Notes.</p>
C.10	Description of derivative component in interest payments	Not applicable; there is no derivative component in the interest payments made in respect of any Notes issued under the Programme.
C.11	Application for admission to trading	<p>Programme summary:</p> <p>Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the FCA and to admit them to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities.</p> <p>Issue specific summary:</p> <p>[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities] with effect from [•]. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities with effect from [•].]</p>
C.21	Market where the securities will be traded	<p>Programme summary:</p> <p>Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the FCA and to admit them to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities.</p> <p>Issue specific summary:</p> <p>[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities] with effect from [•]. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed</p>

		income securities with effect from [•].]
Section D – Risks		
D.2	Key information on the key risks that are specific to the Issuer and the Guarantor	<p>Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Notes, include the following key risks:</p> <ul style="list-style-type: none"> • The Issuer will only be able to originate or purchase and fund Eligible Loans to the extent that prospective Borrowers and the relevant loans satisfy the eligibility criteria described in the Base Prospectus. Failure to originate or purchase and fund Eligible Loans may have a material adverse effect on the Issuer's ability to satisfy its obligations to make payments of interest and principal under Notes issued under the Programme. • The Notes will be secured by a first floating charge over the whole of the undertaking and all property, assets and rights, both present and future, of the Issuer. The existence of the Guarantee and the Security may not remove all risk of non-payment. The ability of the Guarantor to make payments under the Guarantee will depend upon resources being available to it to do so. The ability of the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) to recover sufficient sums to satisfy payments to Noteholders upon enforcement of the Security will depend, among other things, on the quality of the Issuer's assets and any claims from preferential creditors. The Issuer's assets are only likely to be the Eligible Loans it originates or purchases and the net proceeds from any issuances of Notes (less such sums which are lent as Eligible Loans) and there can be no assurance that (i) the Issuer will be able to originate Eligible Loans or purchase Eligible Loans, (ii) Borrowers will not default on Eligible Loans or (iii) the Issuer will be able to recover sufficient sums following enforcement of the security relating to a defaulted Eligible Loan to satisfy, on a timely basis, the obligations of the Borrower. As a result, there can be no assurance that the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Security. For the avoidance of doubt, the Security Trustee will have no rights to enforce security over any property or properties in respect of which an Eligible Loan has been granted or over any security granted by the Borrower or the Guarantor. • In addition, upon an enforcement of the Security by the Security Trustee pursuant to the Terms and Conditions of the Notes, the Noteholders will have the right to be paid amounts due to them only after payment of certain costs and expenses (such as the remuneration, costs, expenses and liabilities due and payable to the Security Trustee, the Trustee, the issuing paying agent, the paying agents, the transfer agents and the registrar and the calculation agents appointed in respect of the Notes) meaning that Noteholders may not receive all amounts outstanding under the Notes, in the event that the Issuer has insufficient remaining cash and assets to satisfy their claims.

		<ul style="list-style-type: none"> • Often, interest on Eligible Loans will be capitalised over the life of the loan and payable on repayment. Accordingly, there will not be a direct correlation with the timing of the interest payable by the Issuer on Fixed or Floating Rate Notes, which will be paid periodically in cash. • Eligible Loans must be secured by a charge over the property in respect of which the loan is made. Where the Issuer holds an Eligible Loan that has been syndicated or acquires a sub-participation from another lender, the Issuer will not be the only person entitled to security in respect of the underlying property. <p>As a member of the Group whose activities are (i) the issuance of Notes (and undertaking various related activities to the issuance of Notes) and (ii) the origination of Eligible Loans and purchase of Eligible Loans (and management of its portfolio of Eligible Loans and any business ancillary or complementary thereto), the Issuer faces the same risks as the Guarantor and the Group, including the following key risks:</p> <ul style="list-style-type: none"> • The Group's ability to achieve its objectives is significantly dependent upon the expertise of its personnel and its ability to retain staff or to recruit individuals of similar experience and calibre. • The Group's loan portfolio consists of development loans which will generally be made for a period of between two and four years. As a result, the Group is reliant on its ability to maintain access to a steady and significant pipeline of deals in order to maintain a quality portfolio. • The Group may become subject to increasing competition in sourcing and funding residential development projects. Some of these competitors may have greater financial, technical and marketing resources and the Group may not be able to compete successfully for loans. In addition, potential competitors of the Group may have higher risk tolerances, different risk assessments or access to different sources of funding, which could allow them to consider a wider variety of loans on a different cost basis and establish more relationships than the Group. • The Group's performance will be affected by, amongst other things, general conditions affecting the residential property market in the UK and demand for residential development. • The Group's performance is subject to, among other things, the conditions of the UK residential real estate market which will affect the value of any underlying assets securing the Group's loans. • Valuations of property and property-related assets are inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty and, in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. • The Group is reliant on third party service providers, including
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		<p>the relevant Borrower and their main contractor, consultant and sub-contractors, for the timely completion of the development within budget.</p> <ul style="list-style-type: none"> • There are a variety of factors which could adversely affect the ability of Borrowers to fulfil their repayment obligations or which may cause other events of default as a result of covenant breaches. These include changes in financial and other market conditions, trading performance, interest rates, government regulations or other policies, the global economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances. • If a default were to occur and continue in relation to one of the Group's loans, and the Group exercises its rights to enforce its security, the Group's recovery may be less than the outstanding amount of the loan.
D.3	<p>Key information on the key risks that are specific to the securities</p>	<p>Programme summary:</p> <ul style="list-style-type: none"> • The Notes are not protected by the Financial Services Compensation Scheme (the "FSCS"). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer or the Guarantor. If the Issuer or the Guarantor goes out of business or becomes insolvent, you may lose all or part of your investment in the Notes. • The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. • Holders of CREST depository interests will hold or have an interest in a separate legal instrument and will not be the legal owners of the Notes in respect of which the CDIs are issued. • Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. • Future changes or uncertainty with respect to LIBOR and/or EURIBOR and/or other relevant benchmarks may adversely affect the value of Floating Rate Notes which reference LIBOR and/or EURIBOR and/or other relevant benchmarks. <p>Issue specific summary:</p> <ul style="list-style-type: none"> • [The Notes are subject to optional redemption by the Issuer. The Issuer may be expected to repay Notes when its cost of borrowing is lower than the interest rate on the Notes. At those

		<p>times, you generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being repaid and may only be able to do so at a significantly lower rate.]</p> <ul style="list-style-type: none"> • [Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.] • [The market price of Notes issued at a substantial [discount/premium] may experience greater fluctuations in certain circumstances.]
Section E – Offer		
E.2b	Reasons for the offer and use of proceeds	<p>Programme summary:</p> <p>The net proceeds from each issue of Notes will be applied by the Issuer for the purpose of originating or purchasing and funding Eligible Loans (i.e. loans which meet the "Eligibility Criteria" described in the Base Prospectus).</p> <p>The key eligibility criteria are that each Eligible Loan:</p> <ul style="list-style-type: none"> (i) must be to provide finance in respect of United Kingdom real estate; (ii) must be secured by a first-ranking or second-ranking legal charge over the property of the relevant Borrower; (iii) must have a maximum LTV of 75% and an LTC of 90%; (iv) following the first anniversary of the Issue Date of any Notes, must comply with certain loan size requirements (amounts drawn by the Borrower under each Eligible Loan must not be more than 50% of the nominal amount of Notes issued pre-syndication of the Eligible Loan and not more than 20% of the nominal amount of Notes issued post-syndication of the Eligible Loan); (v) following the first anniversary of the Issue Date of any Notes, must comply with certain diversification requirements (Eligible Loans to any one Borrower or group of Borrowers must not be more than 50% of the nominal amount of Notes issued pre-syndication of the relevant Eligible Loans and not more than 20% of the nominal amount of Notes issued post-syndication of the relevant Eligible Loan); and (vi) must not be made to Borrowers who are individuals. <p>If, in respect of any particular issue there is a particular identified use of proceeds, this will be stated below.</p> <p>Issue specific summary:</p> <p>Reasons for the offer: [•]</p> <p>Use of proceeds: [•]</p>

		Estimate of expenses: [•]
E.3	Terms and conditions of the offer	<p>Programme summary:</p> <p>The terms and conditions of each offer of Notes will be determined by agreement between the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue and specified in the applicable Final Terms. If you intend to acquire or do acquire any Notes in a Public Offer from an offeror other than the Issuer or Guarantor, you will do so, and offers and sales of such Notes to you by such offeror will be made, in accordance with any terms and other arrangements in place between such offeror and you including as to price, allocations, expenses, payment and delivery arrangements. You must look to the relevant Authorised Offeror for the provision of such information and the Authorised Offeror will be responsible for such information. The Issuer and the Guarantor have no responsibility or liability to you in respect of such information.</p> <p>Issue specific summary:</p> <p>[(a) Offer Price: [•];</p> <p>(b) Conditions to which the offer is subject: [•];</p> <p>(c) Description of the application process: [•];</p> <p>(d) Details of the minimum and/or maximum amount of application: [•];</p> <p>(e) Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [•];</p> <p>(f) Details of the method and time limits for paying up and delivering the Notes: [•];</p> <p>(g) Manner in and date on which results of the offer are to be made public: [•];</p> <p>(h) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [•];</p> <p>(i) Categories of potential investors to which the Notes are offered and whether tranches(s) have been reserved for certain countries: [•];</p> <p>(j) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [•];</p> <p>(k) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [•];</p> <p>(l) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [•]; and</p> <p>(m) Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in the secondary market</p>

		trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment: [•].]
E.4	Material interests	<p>Programme summary:</p> <p>The relevant Dealer(s) may be paid fees in relation to any issue of Notes under the Programme. Certain of the Dealer(s) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business.</p> <p>Issue specific summary:</p> <p>[Save for [•],] so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Notes has an interest material to the offer. [There are no conflicts of interest which are material to the offer of the Notes.]</p>
E.7	Estimated expenses charged to investor	<p>Programme summary:</p> <p>If you intend to acquire any Notes in a Public Offer from an offeror other than the Issuer, the Guarantor or a Dealer in its capacity as an Authorised Offeror, you will do so (and offers and sales of such Notes to you by such offeror will be made) in accordance with any terms and other arrangements in place between such offeror and you including as to price, allocations, expenses, payment and delivery arrangements. None of the Issuer, the Guarantor or any of the Dealer(s) are party to such terms or other arrangements.</p> <p>Issue specific summary:</p> <p>[The Issuer and the Guarantor will not charge you any expenses relating to an application for or purchase of any Notes./The following expenses are to be charged to you by the Issuer and the Guarantor: [•]]</p>

PART II: RISK FACTORS

*You should carefully consider the risks described below and all other information contained in this document and reach your own view before making an investment decision. Urban Exposure Finance Plc (the "**Issuer**") and Urban Exposure Plc (the "**Guarantor**") believe that the factors described below represent the principal risks and uncertainties which may affect their respective abilities to fulfil their obligations under the Notes, but the Guarantor and its subsidiaries (including the Issuer) taken as a whole (the "**Group**") may face other risks that may not be considered significant risks by the Issuer or the Guarantor based upon information available to it at the date of this document or that it may not be able to anticipate. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer and the Guarantor think are immaterial at the date of this document, actually occur, then these could have a material adverse effect on the Issuer's and the Guarantor's respective abilities to fulfil their obligations to pay interest, principal or other amounts in connection with the Notes.*

You should note that the risks relating to the Group, its industry and the Notes summarised in Part I (Summary) of this document are the risks that the Issuer and the Guarantor believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, you should consider not only the information on the key risks summarised in Part I (Summary) of this document but also, among other things, the risks and uncertainties described below.

Risks relating to the Group and its business

The Group has a limited operating history and has published limited historical financial information

The Group has only operated in its current form since May 2018 and has only published historical financial information for the period from April to December 2018. Accordingly, the Group does not have a readily analysable track record on which to assess its success or performance or by which to compare its performance to other businesses.

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Notes

The Issuer faces the same risks as the Guarantor and the Group

The Issuer's activities are limited to issuing Notes under this Programme (and undertaking various related activities to the issuance of Notes) and originating or purchasing and funding loans which fulfil the eligibility criteria contained in Part VIII (*Terms and Conditions of the Notes*) ("**Eligible Loans**") (and management of its portfolio of Eligible Loans and any business ancillary or complementary thereto). As such, the ability of the Issuer to pay interest and repay principal on Notes will be subject to all the risks to which the Guarantor and the Group is subject.

Failure to originate or purchase and fund Eligible Loans

The Issuer is required by the Terms and Conditions of the Notes (set out in Part VIII (*Terms and Conditions of the Notes*)) to apply the net proceeds from each issuance of Notes to the origination or purchase and funding of Eligible Loans. The Issuer will only be able to originate or purchase and fund Eligible Loans to the extent that prospective borrowers satisfy the eligibility criteria contained in Part VIII (*Terms and Conditions of the Notes*). Failure to originate or purchase and fund Eligible Loans may have a material adverse effect on the Issuer's ability to satisfy its obligations to make payments of interest and principal under Notes issued under the Programme.

The existence of the Guarantee may not remove all risk of non-payment

The Issuer's obligations to Noteholders in respect of payments of amounts in respect of the Notes will be supported by the unconditional and irrevocable Guarantee to be given by the Guarantor, as well as the Security.

The ability of the Guarantor to make payments under the Guarantee will depend upon resources being available to it to do so. The ability of the Guarantor to make payments under the Guarantee may be affected by the risk factors described in the sections of this Base Prospectus entitled "*Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee*". In addition, the claims of Noteholders under the Guarantee will rank as senior unsecured obligations of the Guarantor on the winding-up or liquidation of the Guarantor. Consequently, the claims of Noteholders under the Guarantee will (i) be subordinated to (i.e. rank behind) the claims of all secured creditors of the Guarantor and any creditors which are preferred by law, as well as the claims of the Secured Creditors (other than the Noteholders), whose claims will be paid under the terms of the Trust Deed ahead of the claims of Noteholders and (ii) rank alongside all other senior unsecured obligations of the Guarantor. As a result, there can be no assurance that the Trustee (on behalf of the Noteholders) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Guarantee on the winding-up or liquidation of the Guarantor as the claims of any secured creditors will need to be satisfied first.

In addition, the Guarantor's assets include its holding of shares in its subsidiaries and, accordingly, the right to participate in a distribution of any of its subsidiaries' assets as a shareholder upon their liquidation, re-organisation or insolvency will be subordinated to (i.e. rank behind) any claims made against such subsidiaries, including their creditors such as any lending bank and trade creditors. The obligations of the Guarantor under the Guarantee are therefore structurally subordinated to any liabilities of the Guarantor's subsidiaries. Structural subordination in this context means that, in the event of a winding-up or insolvency of any of the Guarantor's subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Guarantor (i.e. including Noteholders).

The existence of the Security may not remove all risk of non-payment

The Notes will be secured by way of a first floating charge over the whole of the undertaking and all property, assets and rights, both present and future, of the Issuer as described in this Base Prospectus (the "**Security**"). Consequently, the ability of the Security Trustee (on behalf of the Noteholders) to recover sufficient sums to satisfy payments to Noteholders upon enforcement of the Security will depend, among other things, on the quality of the Issuer's assets and any claims from preferential creditors. The Issuer's assets are only likely to be Eligible Loans and the net proceeds from any issuances of Notes (less such sums which are lent as Eligible Loans) and there can be no assurance that (i) the Issuer will be able to originate or purchase and fund Eligible Loans, (ii) Borrowers will not default on Eligible Loans or (iii) the Issuer will be able to recover sufficient sums following enforcement of the security relating to a defaulted Eligible Loan to satisfy, on a timely basis, the obligations of the Borrower. As a result, there can be no assurance that the Security Trustee (on behalf of the Noteholders) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Security. **For the avoidance of doubt, the Security Trustee will have no rights to enforce security over any property or properties in respect of which an Eligible Loan has been granted or over any security granted by the Borrower or the Guarantor.**

In addition, upon an enforcement of the Security by the Security Trustee pursuant to the Terms and Conditions of the Notes, the Noteholders will have the right to be paid amounts due to them only after payment of, firstly, the remuneration, costs, expenses and liabilities due and payable to the Security Trustee and the Trustee, including costs incurred by them (or any receiver appointed by them) in the enforcement of the Security and, secondly, remuneration, costs, expenses and liabilities due and payable to the Paying Agents, Transfer Agents and Calculation Agents appointed in respect of the Notes. Any such payments may result in Noteholders not receiving all amounts outstanding under the Notes, in the event that the Issuer has insufficient remaining cash and assets to satisfy their claims.

If the surplus proceeds from the sale of assets following enforcement of the Security proved to be insufficient to cover all amounts due and payable to Noteholders in respect of the Notes, then Noteholders would be dependent on being able to receive any shortfall in money from the Guarantor (pursuant to the Guarantee) for satisfaction of any outstanding amounts, which would be subject to the risks described above.

Interest payable on Eligible Loans will often be payable on repayment of the relevant Eligible Loan

Interest on Eligible Loans will often be capitalised over the life of the loan and payable on repayment. Accordingly, there will not be a direct correlation with the interest payable by the Issuer on Fixed or Floating Rate Notes, which will be payable periodically in cash.

Noteholders should not assume therefore that the interest payments due on the Notes will always be fully covered by interest payments received by the Issuer on Eligible Loans. Noteholders may be reliant on the Guarantor to finance interest payments on the Notes from its other resources.

The Issuer will make loans alongside other lenders, potentially including through joint ventures, which will expose it to risks associated with co-lending

The Issuer will make some loans alongside other lenders who are not members of the Group, potentially including through contractual joint ventures. Such arrangements are often governed by agreements containing detailed provisions regulating the relationship between the lenders, including inter-creditor agreements, co-investor agreements or joint venture agreements. There are certain risks that, depending on the relevant provisions of the agreements, may limit the Issuer's ability to take action that it considers to be advantageous on the basis that any such actions may require the consent of each lender, such as stepping in to complete a development or to fund cost over-runs, in relation to a development project financed alongside one or more lenders.

The bankruptcy, insolvency or severe financial distress of one of the Issuer's fellow lenders, co-investors or joint venture partners could materially and adversely affect the ability of the Issuer to achieve its anticipated return for the relevant project. In such instance, the Issuer will typically have the contractual ability to buy out the distressed lender or joint venture party at par or fund their proportion of the loan if such party fails to do so. As such, the insolvency of a fellow lender or joint venture partner may, in certain circumstances, result in the Issuer having to fund a greater portion of a loan than it otherwise would have. In some circumstances, the Issuer may be unwilling or unable to do so, for example, due to an inability to secure the necessary funding. Any of these occurrences could reduce the income on the assets of the Issuer, thereby decreasing the value of the Security and causing Noteholders to become reliant on the Guarantor to meet the Issuer's obligations on the Notes from its other resources.

The Issuer may not be the only entity with the benefit of security in respect of Eligible Loans

While Eligible Loans must be secured by a charge over the property in respect of which the loan is made, where the Issuer holds an Eligible Loan that has been syndicated or acquires a sub-participation from another lender, the Issuer will not be the only person entitled to security in respect of the underlying property. Accordingly, any decision to enforce any such security may have to be made in conjunction with other lenders (whose interests may not always be aligned with the Issuer) and the proceeds of any enforcement of that security may need to be shared among the Issuer and other lenders (which could lead to the Issuer recovering less than it is owed). Any of these occurrences could reduce the income on the assets of the Issuer, thereby decreasing the value of the Security and causing Noteholders to become reliant on the Guarantor to meet the Issuer's obligations on the Notes from its other resources.

The Issuer may only have the benefit of a second ranking legal charge in respect of a minority of Eligible Loans

A second-ranking legal charge, which is registered at the Land Registry in the name of the lender (or a security trustee on behalf of the lender(s)), means that another creditor has a first ranking legal charge and the second ranking legal charge sits behind it in terms of priority. If a property was sold in order to repay the debt, the proceeds of sale would first be applied in repayment of the debt owing to the first-ranking legal charge holder and secondly, in repayment of the debt owing to the second-ranking legal charge holder.

Consequently, loans secured by second-ranking legal charges are riskier from the perspective of a lender compared to loans secured by first-ranking legal charges, especially if properties are materially devalued. Enforcement rights for loans which are secured by second-ranking legal charges are generally the same as those for loans which are secured by prior ranking legal charges, although they are generally only capable of being enforced after repayment of any prior ranking indebtedness.

It is possible that, as the holder of a second-ranking legal charge, the Issuer may recover less on a defaulting Eligible Loan than if it held a first-ranking legal charge, in which case the Guarantor may be

required to meet any resulting inability of the Issuer to meet its obligations in respect of payment on the Notes.

Factors that may affect the Guarantor's ability to fulfil its obligations under or in connection with the Notes

The Group is reliant on the expertise and reputation of its personnel

The Group's ability to achieve its objectives is significantly dependent upon the expertise of its personnel and its ability to retain staff or to recruit individuals of similar experience and calibre. Whilst the Group has endeavoured to ensure that key employees are suitably incentivised, the retention of employees cannot be guaranteed and any such employee could become unavailable due, for example, to death or incapacity, as well as due to resignation. In the event of such departure or unavailability of an employee, there can be no guarantee that the Group would be able to find and attract other individuals with similar levels of expertise and experience in residential-led real estate development and development finance or similar relationships with residential real estate developers, lenders and other market participants in the Group's target market. The loss of key employees could also result in lost business relationships and reputational damage.

Such an adverse impact on either or both the Issuer's or the Group's business could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

The Group's loan portfolio consists of development loans generally with terms of two to four years, which could impact the Group's ability to maintain a quality portfolio

The Group's loan portfolio consists of development loans which will generally be for a period of between two and four years. As a result, the Group is reliant on its ability to maintain access to a steady and significant pipeline of deals in order to maintain a quality portfolio. There can be no guarantee that the Group will have access to such an extensive pipeline if, for example, the volume of prospective development projects significantly declines due to adverse market conditions or the market experiences increasing competitive pressure for available deals.

If the Group's ability to maintain a quality portfolio through a significant pipeline of deals was adversely impacted, it could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

The Group may face competition in sourcing and making loans

While the Group believes it benefits from an early mover advantage in providing residential development finance in its target markets, it may become subject to increasing competition in sourcing and funding residential development projects. Some of these competitors may have greater financial, technical and marketing resources and the Group may not be able to compete successfully for loans. In addition, potential competitors of the Group may have higher risk tolerances, different risk assessments or access to different sources of funding, which could allow them to consider a wider variety of loans on a different cost basis and establish more relationships than the Group. Furthermore, competition for lending opportunities may lead to the price capable of being charged for loans decreasing. The Group may lose lending opportunities in the future if it does not match loan pricing, structures and terms offered by competitors. Alternatively, the Group may experience decreased rates of return and increased risks of loss if it matches loan prices, structures and terms offered by competitors.

The potential adverse effects caused by increased competition could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Adverse conditions affecting the UK residential real estate and development lending market may significantly impact the Group

The Group's performance is affected by, amongst other things, general conditions affecting the residential property market in the UK and demand for residential development. As a result of the global financial crisis, reductions in available credit and changes in market confidence, the value of residential real estate in the UK has fluctuated over the last 10 years. The Group's business and results of operations may be materially adversely affected by factors outside of its control, including but not limited to: (i) a general property market contraction in the UK; (ii) a decline in property values; (iii) changes in laws and governmental regulations in relation to property and development; and (iv) fluctuations in interest rates and the demand for credit.

Such an adverse impact on either or both the Issuer's or the Group's business could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

The value of any real estate assets underlying the Group's loans and the income produced by those assets will be subject to fluctuations in the UK residential real estate market

The Group's performance will be subject to, among other things, the conditions of the UK residential real estate market which will affect the value of any underlying assets securing the Group's loans.

Although the UK residential real estate market has largely recovered since the global financial crisis in 2009, this improvement is partially a result of the improving economy as well as a number of Government measures aimed to bolster the housing market, including the Funding for Lending Scheme and Help to Buy. Despite these trends, there is no assurance that this will continue or be sustainable. Further declines in the performance of the global economy or the UK residential real estate market could have a material adverse effect on the Group's financial condition, business, prospects and results of operations. Such adverse effects on either or both the Issuer's or the Group's business could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Changes in law and government regulation regarding real estate could adversely affect the Group

In addition to economic factors, the attractiveness of the UK residential real estate market could decline as a result of factors such as changes in laws and governmental regulations, including those governing real estate usage, planning and taxes, all of which are outside of the Group's control, and may cause investors to revisit the attractiveness of holding UK real estate as an asset class.

If the attractiveness of the UK residential real estate market does decline, it could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Valuation of the real estate assets underlying the Group's loans is inherently subjective

Valuations of property and property-related assets are inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty and, in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. Further, the Group will lend on the basis of estimated gross development value ("GDV") as determined by an independent Royal Institute of Chartered Surveyors ("RICS") valuer. The estimated GDV of a project is based on a number of assumptions relating to the property and its potential developed value. The GDV will be greater than the underlying market value of the relevant real estate on an undeveloped basis. There can also be no assurance that any such valuations will be reflected in the actual post-development transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income for the development once complete will prove to be attainable. If the market value of real estate assets underlying the Group's loans is found to be materially lower than that stated at the time the Group's loans are originated or if the GDV is not achievable, this may adversely impact the Group's ability to recover the amount owed under its loans in the event of a continuing borrower default.

Such an adverse impact on the Group's ability to recover outstanding amounts on loans could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

The outcome of the negotiations between the Government of the United Kingdom and the European Union in relation to the terms and conditions of the UK's exit (commonly referred to as "Brexit") from the European Union could adversely impact the Group's business, results of operations and financial condition

Following the invocation of Article 50 of the Treaty on the European Union by the UK Government on 29 March 2017, negotiations have commenced between the UK and the European Union to determine the future terms of the United Kingdom's relationship with the European Union. Depending on the final terms negotiated between European Union and the UK following Brexit, the United Kingdom could lose access to the single European Union market and to the global trade deals negotiated by the European Union on behalf of its members. Such a decline in trade could affect the attractiveness of the United Kingdom as an investment centre and, as a result, could have a detrimental impact on the United Kingdom's economy more generally, including the demand for new housing.

In addition, it is possible that following Brexit, the current system which provides for the free movement of EU nationals between EU member states and the UK will be abolished or significantly restricted. The imposition of barriers to entry following Brexit, or the expectations that such barriers may come into force, may deter immigration to the UK and/or may result in EU nationals currently based in the UK leaving the UK. This in turn could have a material adverse effect on demand for UK residential real estate and, thereby, on real estate development and the Group's business.

The potential impact of Brexit on the UK real estate market could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Changes in tax legislation could result in the imposition of additional and material tax liabilities on the Group

Tax law and tax authority practice and the rates of tax are subject to change, potentially with retrospective effect. Any change in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates in the United Kingdom or any jurisdiction in which Borrowers are treated as resident, or in any Group member's tax treatment (for example, due to the disposal of equity accepted in settlement for debt) may affect the value of the loans made by the Group or its subsidiaries or the Group's ability to make new loans.

Further, in light of the outcome of the general election on 8 June 2017 and subsequent progress on Brexit, there is uncertainty around the long-term approach to taxation in the UK. Changes to UK tax legislation could reduce returns impacting the Group's cash flow and valuation. While the Group expects to benefit from recent reductions in the rate of UK corporation tax, there is a risk that this could be reversed if there were a change in government or policy.

Should there be a change in government, or a weakening of the existing government's position, this may create uncertain economic conditions and create further uncertainty over the UK's negotiating position with the EU in relation to Brexit, all of which could have a negative impact on economic conditions within the UK including the UK property development market and could, among other things, lead to an increase in UK tax rates.

Such an increase in UK tax rates could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Development loans involve reliance on performance by the relevant borrower and other third party service providers and the risk of diminished returns and loss in the event a development is not completed on time or within budget

In common with any other lender to development projects, the Group is reliant on third party service providers, including the relevant borrower and their main contractor, consultants and sub-contractors, for the timely completion of the development within budget. The Group does not control these third party service providers. If a borrower were unable to complete a project or provide the equity funding required, there could be adverse consequences associated with the loan, including deterioration in the value of the property securing the loan. In the event of a continuing default by a borrower, among other things, the Group may suffer substantial irrecoverable costs, a substantial write-down of the principal of such loan or a substantial change in the terms, conditions and covenants with respect to such defaulted loan and be required to step-in to complete the development at its own cost. This could reduce the proceeds from the relevant loan, which in the case of an Eligible Loan could, in turn, prejudice the Issuer's ability to meet its obligations under the Notes, meaning that Noteholders would be reliant on the Guarantor to make good any shortfall under the Guarantee and, therefore, Noteholders would be exposed to the creditworthiness of the Guarantor.

Repayments of loans will generally be subject to the sale of the relevant developed properties or the availability of other refinancing options

Borrowers will generally seek to sell developed properties (or units in a development) to repay the related loan. If, however, a sale or sales of units cannot be made at an attractive price at the time of maturity of the loan, the borrower may seek to refinance the loan with the Group or an alternative lender. There can be no certainty that refinancing options will be available to borrowers on maturity of any loan made by the Group and the sale of the underlying property (or units making up the property) in those circumstances may not yield sufficient capital to repay the loan in full or may otherwise result in a delay to the receipt of proceeds.

If there is a sale of the underlying property (or units making up the property) in the abovementioned circumstances, it could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Enforcement of the Group's loan documentation may be affected by changes to applicable laws, offshore legal systems or failure of documents to protect the Group's interests

The Group's ability to enforce its rights under its facility agreements and security documents (including performance guarantees) is dependent on the precision and clarity of the applicable law, legal documentation and its enforceability in the relevant jurisdiction. Although all loans originated by the Group are governed by the laws of England and Wales, borrowers or persons providing security or guarantees may be offshore special purpose vehicles subject to different legal systems from that in the United Kingdom. To the extent that the legal documentation does not accurately reflect the Group's expected rights or the counterparty is able to argue that there is uncertainty or the availability of those rights is restricted by law, this may restrict the Group's ability to achieve the full value of a realisation of its loan portfolio. If this risk were to materialise, it could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

Borrowers may not fulfil their payment obligations in full, or at all, or may cause, or fail to rectify, other events of default under the loans

There is a variety of factors which could adversely affect the ability of borrowers to fulfil their repayment obligations or which may cause other events of default as a result of covenant breaches. These include changes in financial and other market conditions, trading performance, interest rates, government regulations or other policies, the global economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances.

Where a borrower does not fulfil its repayment or other obligations under the loan in full, or at all, and/or may cause, or fail to rectify, other events of default under the loan, although the Group will have contractual rights of enforcement in order to attempt to recover its loan, there is no guarantee that the Group will be able to recover all or any of its exposure to that borrower.

Such an adverse impact on the Group's ability to recover the amounts owed on any loans could materially affect both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called

upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

The Group does not, and does not expect the Issuer to, make any provisions for, or assumptions in respect of, recovery rates for, bad debts on its loans.

Because of the nature of its loans and its borrowers and the relevant security package, the Group does not make any provisions for, or assumptions in respect of, bad debts and expects that the Issuer will follow the same approach. Therefore the Group's projected returns on its loans assume that all of them will be repaid in full.

Accordingly, if a default were to occur and continue in relation to a loan and the ultimate recovery on that loan was less than its outstanding amount, the Issuer's or the Group's financial position will not be protected by any prior general provision made in respect of bad debts. Such an occurrence could result in a material adverse effect on the Issuer's ability to meet its obligations under the Notes (if the default occurred in respect of one of the Issuer's loan) or the ability of the Guarantor to meet its obligations under the Guarantee (if the default occurred in respect of one of the Group's other loans).

In the event of a default under a loan, the Group's recovery under the related collateral or security arrangements may be less than the outstanding amount of the debt

If a default were to occur and continue in relation to one of the Group's loans, and the Group exercises its rights to enforce its security, the Group's recovery may be less than the outstanding amount of the loan (whether due to an adjustment in the value of the underlying asset, a dispute with the borrower over the applicable fees and interest rates, illiquidity of partially developed property or due to external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions, the enforcement route chosen by the Group or otherwise).

Further, the loans made by the Group will be issued, in part, on a loan to value ratio that is based on the GDV of the relevant development project. If the expected GDV fails to be achieved, it is possible that the Group's security could be less valuable than anticipated at the time that the loan was initially made.

If the Group's recovery following a default is less than expected or the security over any loan is less valuable than expected, there could be a material adverse effect on both the Issuer's ability to meet its obligations under the Notes and, if the Guarantor is then called upon under the Guarantee to meet those obligations instead, the Guarantor's ability to meet its obligations under the Guarantee.

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

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Risks related to the structure of a particular issue of Notes:

Risks relating to taking security by floating charge and the Trustee's ability to appoint a receiver

Notes issued under the Programme will be secured by way of a floating charge over the assets of the Issuer. A floating charge "floats" over the pool of assets subject to the charge but enables the relevant company granting the security to deal with the assets until the occurrence of certain events which cause the charge to fix (or, 'crystallise') on to the assets. A floating charge is less advantageous than a fixed charge, as a claim to the assets made by a floating charge holder ranks behind that of a fixed charge holder in such cases, and behind certain preferential creditors, as described below (but still ahead of any unsecured senior creditors and also ahead of the shareholders of the relevant company). As a consequence, if the security over the Issuer's assets were to be enforced following an event of default under the Terms and Conditions of the Notes, any such assets may first be applied in payment to "preferential" creditors of the relevant company who are deemed under the provisions of English law to have higher priority to repayment prior to payment to holders of a mere floating charge. Preferential creditors (i.e. preferential to floating charge holders) include employee salaries, certain claims in respect of contributions to pension schemes and the costs and expenses of an administration and/or liquidation. Any such payments may result in

Noteholders not receiving all amounts outstanding under their Notes if there are insufficient funds remaining available for distribution following payments to any preferential creditors on a winding-up of the Issuer.

In addition, there can be no assurance that the floating charge granted by the Issuer will fulfil the requirements in respect of a qualifying floating charge for the purposes of Section 72B of the Insolvency Act 1986. If the floating charge granted by the Issuer does not meet the requirements of Section 72B of the Insolvency Act 1986, the Security Trustee will not be able to appoint an administrative receiver in respect of the Issuer, however this alone will not preclude the Security Trustee from appointing an administrator in respect of the Issuer in the event that the floating charge becomes enforceable. If the Security Trustee is unable to appoint an administrative receiver in respect of the Issuer and instead appoints an administrator, this may lead to a less beneficial outcome for Noteholders as an administrator is required to pay regard to the interests of parties other than the Noteholders and a statutory moratorium will be triggered whereby creditors of the Issuer will be prevented from enforcing their rights against the Issuer so that the administrator can attempt to rescue the business of the Issuer.

Priority of claims of the Security Trustee, Trustee and the Paying Agents

Upon an enforcement of the Security by the Security Trustee pursuant to the Terms and Conditions of the Notes, the Noteholders will have the right to be paid amounts due to them only after payment of, firstly, the remuneration, costs, expenses and liabilities due and payable to the Security Trustee and the Trustee, including costs incurred by them (or any receiver appointed by them) in the enforcement of the Security and, secondly, remuneration, costs, expenses and liabilities due and payable to the issuing and paying agent, the paying agents, the transfer agents, the registrar and the calculation agents in respect of the Notes. Any such payments may result in Noteholders not receiving all amounts outstanding under the Notes, in the event that the Issuer has insufficient remaining cash and assets to satisfy their claims.

The Notes may be subject to optional repayment by the Issuer

The Final Terms applicable to a Series of Notes may permit the Issuer to redeem the Notes at its option prior to the relevant maturity date. An optional repayment feature is likely to limit the market value of Notes. During any period when the Issuer may elect to repay Notes, the market value of those Notes generally will not rise substantially above the price at which they can be repaid. This also may be true prior to any repayment period.

The Issuer may be expected to repay Notes when its cost of borrowing is lower than the interest rate on the Notes. Upon repayment of the Notes, you may not be able to reinvest the repayment proceeds at an effective interest rate as high as the interest rate on the Notes being repaid and may only be able to do so at a significantly lower rate. You should consider investment risk in light of other investments available at that time.

The market price of Notes issued at a substantial discount or premium may experience greater fluctuations in certain circumstances

The market values of securities issued at a substantial discount 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.

Discontinuation of LIBOR and other benchmarks

On 27 July 2017, the FCA, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. In light of the Benchmark Regulation, and benchmark reform more generally, other benchmarks (including, for example, EURIBOR) could be subject to similar announcements. This may cause LIBOR and other benchmarks to be administered differently, to perform differently than they did in the past, to be discontinued or there may be other consequences that cannot be predicted. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates, and as to

potential changes to such benchmarks or their administration may adversely affect such benchmarks during the term of any Floating Rate Notes in issue, the return on the relevant Floating Rate Notes and the trading market for securities based on the same benchmark.

Investors should be aware that, if LIBOR or any other benchmark (including, for example, EURIBOR) was discontinued or otherwise unavailable, the rate of interest on any Floating Rate Notes in issue which reference LIBOR or such other benchmark will be determined for the relevant period by the fall-back provisions applicable to such Floating Rate Notes (as further described in Condition 6(b)(iii) in Part VIII (*Terms and Conditions of the Notes*)). Depending on the manner in which LIBOR (or such other benchmark) is to be determined under the Conditions of the relevant Floating Rate Notes, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the relevant rate or rates at which reference banks were offered deposits which, depending on market circumstances, may not be available at the relevant time or may provide a different result than if LIBOR (or such other benchmark) had continued or continued to be administered in its previous form; or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR (or such other benchmark) was available. In circumstances where such benchmark continues to be available but is administered differently or performs differently, this could have an adverse effect on the value or liquidity of or return on any such Floating Rate Notes which reference LIBOR or such other benchmark.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

The Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

These reforms (including the Benchmark Regulation) could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

The potential uncertainty created by this benchmark reform may have an adverse impact on the holders of any Floating Rate Notes that are issued if it makes it more difficult for holders to assess the probable interest rate payable on those Floating Rate Notes over their lifetime or if any uncertainty over the basis for calculating that interest rate were to lead to any adverse impact on the market value of those Floating Rate Notes.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Notes are not protected by the Financial Services Compensation Scheme ("FSCS")

Unlike a bank deposit, Notes issued under the Programme are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer or the Guarantor. If the Issuer or the Guarantor goes out of business or becomes insolvent, you may lose all or part of your investment in Notes issued under the Programme.

Defined voting majorities bind all Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted contrary to the decision of the deciding group. As a result, decisions may be taken by the holders of such defined percentages of the Notes that are contrary to the preferences of any particular Noteholder.

Conflict between classes of Noteholders

If, in opinion of Trustee, there is or may be a conflict between the interests of the holders of different series of Notes, the Trustee is not required to have regard to the interests of the combined Noteholders of the different series (which interests may differ as between different series of Noteholders); nor is the Trustee required to have regard to interests of individual Noteholders or Couponholders. This is the case notwithstanding the fact that the holders of all series of Notes issued by the Issuer (regardless of which series of Notes they hold) share in the same security (in each case by way of the same floating charge over all assets and undertaking from time to time of the Issuer). In the event of such a conflict or potential conflict, the Trustee shall be required to have regard only to the interests as a class of the Noteholders of each individual series.

Furthermore, if an Acceleration Notice (as defined in the Terms and Conditions of the Notes) is given in respect of any one or more series of Notes outstanding or any steps are taken to enforce the Security (as defined in the Terms and Conditions of the Notes) pursuant to any individual series of Notes, this may trigger enforcement action in respect of all assets and undertaking of the Issuer at the relevant time, with the likely effect of forcing an acceleration of all of the Issuer's obligations at such time. In such a scenario, holders who may otherwise have preferred to delay enforcement action for any reason (for example, because they were of the view that recoveries would be maximised by delaying enforcement action) may be compelled to seek acceleration of their Notes earlier than they might have otherwise preferred. There can be no assurance that any acceleration of the Notes and/or enforcement of the Security will result in all Noteholders receiving repayment in full of all amounts payable in respect of the Notes in a timely manner, or at all.

If definitive Notes are issued, such Notes may be illiquid and difficult to trade

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination (as defined in the Terms and Conditions of the Notes) plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations. In such a case, if you, as a result of trading such amounts, hold a nominal amount of less than the minimum Specified Denomination in your account with the relevant clearing system at the relevant time, you will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and you would need to purchase a nominal amount of Notes such that you hold an amount equal to one or more Specified Denominations.

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

An event of default under the Notes will not trigger an event of default under the Eligible Loans owned by the Issuer

The Notes include a number of events of default which, if any one of them occurs, allows the trustee for the Notes to declare the Notes immediately due and payable. The Eligible Loans will not contain matching provisions, meaning that the Issuer or the Guarantor may need to fund the redemption payments in respect of the Notes from other sources, failing which, holders of Notes may have to wait until the relevant Eligible Loans are sold or repaid in order to receive the amounts due on redemption of the Notes. In addition, it may be that undrawn amounts and costs payable under Eligible Loans may need to be funded from another source if the Issuer is unable to do so.

Issuer and Guarantor reliance on other third parties

The Issuer and the Guarantor are, and may in the future be, party to contracts with one or more third parties in relation to the performance of services in relation to the Notes that may be issued under the Programme. For example, the Issuing and Paying Agent and the Registrar have agreed to provide services with respect to the Notes pursuant to the Agency Agreement. If any third party service provider were to fail to perform its obligations under the respective agreements to which it is a party and/or is removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, this could have a material adverse effect on the ability of the Issuer and the Guarantor to fulfil its obligations in respect of the Notes and the Guarantee, respectively.

Holding CREST depository interests

You may hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) ("**CREST**") through the issuance of dematerialised depository interests (i.e. securities without any physical document of title which are distinct from the Notes), held, settled and transferred through CREST ("**CDIs**"), representing the interests in the relevant Notes underlying the CDIs (the "**Underlying Notes**"). Holders of CDIs (the "**CDI Holders**") will hold or have an interest in a separate legal instrument and not be the legal owners of the Underlying Notes. The rights of CDI Holders to the Underlying Notes are represented by the relevant entitlements against CREST Depository Limited (the "**CREST Depository**") which through CREST International Nominees Limited (the "**CREST Nominee**") holds interests in the Underlying Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Underlying Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Clearstream, Luxembourg, Euroclear and the Issuer, including the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**"). You should note that the provisions of the CREST Deed Poll, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the "**CREST Rules**") contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

You should note that none of the Issuer, the Guarantor, the Dealers, the Trustee, the Paying Agents or the Transfer 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.

You should note that the CDIs are the result of the CREST settlement mechanics and are not the subject of this document.

Risks related to the market generally

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

There may not be a liquid secondary market for the Notes and their market price may be volatile

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, neither the Dealers nor any other person is under an obligation to maintain such a market for the life of the Notes and the market may not be liquid. Therefore, you may not be able to sell your Notes easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary (i.e. after the Issue Date) market. The Notes are sensitive to interest rate, currency or market risks and are designed to meet the investment requirements of limited categories of investors. For these reasons, the Notes generally will have a limited secondary market. This lack of liquidity may have a severely adverse effect on the market value of Notes.

In the case of Notes issued under the Programme which have authorised denominations which are less than €100,000 (or its equivalent in other currencies) and are tradable on the London Stock Exchange plc's order book for fixed income securities, a registered market-maker on the order book for fixed income securities will be appointed in respect of the relevant Notes from the date of admission of those Notes to trading. Market-making means that a person will quote prices for buying and selling securities during trading hours. However, the market-maker may not continue to act as a market-maker for the life of the relevant Notes. If a replacement market-maker was not appointed in such circumstances, this could have an adverse impact on your ability to sell the relevant Notes.

Exchange rate fluctuations and exchange controls may adversely affect your return on your investments in the Notes and/or the market value of the Notes

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, you may receive less interest or principal than expected, or no interest or principal.

The Notes will not have any credit rating

As at the date of this Base Prospectus, independent credit rating agencies had not been asked to assign credit ratings to the Programme or any issue of Notes. Whilst credit ratings are not a recommendation to buy, sell or hold securities, and may be revised or withdrawn by a rating agency at any time, they do indicate the relevant rating agency's opinion about the ability and willingness of an issuer to meet its financial obligations in accordance with the terms of those obligations and the credit quality of a particular issue of debt securities and the relative likelihood that the issuer may default.

Notwithstanding the foregoing, one or more independent credit rating agencies may assign credit ratings to the Notes in the future. Any such ratings may not reflect the potential impact of all risks relating to the market, additional factors discussed above and other factors that may affect the value of such Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Changes in interest rates or inflation rates may adversely affect the value of Fixed Rate Notes

The Fixed Rate Notes will bear interest at a fixed rate, rather than by reference to an underlying index. Accordingly, you should note that if interest rates rise, then the income payable on the Fixed Rate Notes might become less attractive and the price that you could realise on a sale of the Fixed Rate Notes may fall. However, the market price of Fixed Rate Notes issued under the Programme from time to time has no effect on the total income you receive on maturity of the Fixed Rate Notes if you hold the Fixed Rate Notes until the relevant maturity date.

Further, inflation will reduce the real value of the Fixed Rate Notes over time, which may affect what you could buy with your investment in the future and may make the fixed rate payable on the Fixed Rate Notes less attractive in the future, again affecting the price that you could realise on a sale of the Notes.

Yield

Any indication of yield (i.e. the income return on the Notes) stated within the applicable Final Terms applies only to investments made at (as opposed to above or below) the issue price of the relevant Notes (as specified in the applicable Final Terms). If you invest in the Notes at a price other than the issue price of the Notes, the yield on the investment will be different from any indication of yield on the Notes as set out in the applicable Final Terms.

Realisation from sale of Notes

If you choose to sell Notes at any time prior to their maturity, the price received from such sale could be less than the original investment you made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Issuer or the Guarantor.

The clearing systems

Because the Global Note or Global Certificate, as the case may be, relating to each Series may be held by or on behalf of Euroclear and Clearstream, Luxembourg, you will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes in each Series will be represented by a temporary or permanent Global Note, or a Global Certificate. Such Global Note or Global Certificate may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Note or Global Certificate, you will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the relevant Global Note or Global Certificate. While any Notes issued under the Programme are represented by a Global Note or Global Certificate, you will be able to trade their interests only through Euroclear or Clearstream, Luxembourg.

While Notes are represented by a Global Note or Global Certificate, the Issuer or the Guarantor, as the case may be, will discharge its payment obligations under such Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of an interest in the Global Note or Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Note or Global Certificate.

Holders of interests in a Global Note or Global Certificate will not have a direct right to vote in respect of the Notes represented by such Global Note or Global Certificate. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

PART III: INFORMATION ABOUT THE PROGRAMME

		Refer to
What is the Programme?	<p>The Programme is a debt issuance programme under which Urban Exposure Finance Plc as the issuer (the "Issuer") may, from time to time, issue debt instruments which are referred to in this document as the Notes. Notes are also commonly referred to as bonds.</p> <p>The Programme is constituted by a set of master documents containing standard terms and conditions and other contractual provisions that can be used by the Issuer to undertake any number of issues of Notes from time to time in the future, subject to a maximum limit of £500,000,000. These terms and conditions are set out in Part VIII (<i>Terms and Conditions of the Notes</i>) of this document.</p> <p>The Programme was established on 15 July 2019.</p>	Part VIII (<i>Terms and Conditions of the Notes</i>)
How are Notes issued under the Programme?	<p>Whenever the Issuer decides to issue Notes, it undertakes what is commonly referred to as a "drawdown". On a drawdown, documents which are supplementary to the Programme master documents are produced, indicating which provisions in the master documents are relevant to that particular drawdown and setting out the terms of the Notes to be issued under the drawdown. The key supplementary documents which you will need to be aware when deciding whether to invest in Notes issued as part of a drawdown over the 12 month period from the date of this document are: (a) any supplement to this document and (b) the applicable Final Terms.</p> <p>In the event of any significant new factor, material mistake or inaccuracy relating to information included in this document which is capable of affecting the assessment of any Notes and whose inclusion or removal from this document is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer or Urban Exposure Plc (the "Guarantor"), and the rights attaching to the Notes, the Issuer will prepare and publish a supplement to this document or prepare and publish a new base prospectus, in each case, for use in connection with such Notes and any subsequent issue of Notes.</p> <p>Each Final Terms is a pricing supplement to this document (as supplemented or replaced from time to time) which sets out the specific terms of each issue of Notes under the Programme. Each Final Terms is intended to be read alongside the Terms and Conditions of the Notes set out in Part VIII (<i>Terms and Conditions of the Notes</i>) of this document, and the two together provide the specific terms of the Notes relevant to a specific drawdown.</p> <p>Each Final Terms will be submitted to the FCA and London Stock Exchange plc and published by the Issuer in accordance with the Prospectus Directive.</p> <p>The Issuer does not intend to issue any Notes under this document which fall within an exemption from the requirement to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended or superseded).</p>	Part VIII (<i>Terms and Conditions of the Notes</i>) and Part X (<i>Form of Final Terms</i>)

<p>What types of Notes may be issued under the Programme?</p>	<p>Three types of Notes may be issued under the Programme: Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes.</p> <p>Fixed Rate Notes are Notes where the interest rate payable by the Issuer on the Notes is fixed as a set percentage at the time of issue.</p> <p>Floating Rate Notes are Notes where the interest rate is calculated by reference to a fluctuating benchmark rate. Under the Programme, that benchmark rate will be either the Euro Interbank Offered Rate (EURIBOR) or the London Interbank Offered Rate (LIBOR). The floating interest rate is calculated on or about the start of each new interest period and applies for the length of that interest period. Therefore, Floating Rate Notes in effect have a succession of fixed interest rates which are recalculated on or about the start of each new interest period. Although the floating interest rate will be based on the benchmark rate, it will typically also include a fixed percentage margin which is added to the benchmark rate.</p> <p>Zero Coupon Notes are Notes which do not carry any interest but are generally issued at a deep discount to their nominal amount. Zero Coupon Notes are repaid at their full amount. Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the nominal amount of the Zero Coupon Notes paid on maturity. Alternatively, you might realise a return on Zero Coupon Notes through a sale prior to their maturity.</p> <p>The specific details of each Note issued will be specified in the applicable Final Terms.</p>	<p>Part IV (<i>How the Return on Your Investment is Calculated</i>)</p> <p>Part VIII (<i>Terms and Conditions of the Notes</i>) and Part X (<i>Form of Final Terms</i>)</p>
<p>Who is guaranteeing the Notes?</p>	<p>Urban Exposure Plc.</p>	<p>Part VI (<i>Business of the Guarantor and the Group</i>)</p>
<p>How will the Notes be secured?</p>	<p>The Notes will be secured by a first floating charge upon the whole of the undertaking and all property, assets and rights, both present and future, of the Issuer.</p> <p>A "floating charge" enables a chargee (i.e. the Security Trustee) to take security over assets whilst at the same time enabling the chargor (i.e. the Issuer) to continue to operate its business without the restrictions that would follow from granting fixed charges over those assets and/or interests in them. The assets subject to a floating charge can generally be dealt with by the chargor company in the ordinary course of its business (including sale of such assets and/or interests in them from time to time as it may wish). A floating charge effectively "hovers" over a shifting pool of assets. However, on the occurrence of certain events (notably if a receiver or an administrator is appointed to take enforcement action against the chargor company or if there is a default in the Issuer's obligations in relation to the Notes) the floating charge "crystallises" and will effectively be converted into a fixed charge with respect to the assets and/or interests in them which are at that point in time owned by the Issuer, and prohibit it from disposing of any assets and/or interests in it going forwards without the Security Trustee's prior consent.</p> <p>The Terms and Conditions of the Notes prohibit the Issuer from granting any further security, other than the floating charge which secures the Notes. As such, although the Issuer is a recently</p>	<p>Part VIII (<i>Terms and Conditions of the Notes</i>)</p>

	<p>incorporated company with no other assets, the restrictions on its activities contained in the Terms and Conditions of the Notes (including this limitation on the granting of further security, and the requirement that the net proceeds of issuance of any Notes are solely used to originate or purchase and fund loans which fulfil the eligibility criteria contained in Part VIII (<i>Terms and Conditions of the Notes</i>) ("Eligible Loans")), mean that there should not be any other competing interests from other parties if the floating charge over the Issuer's assets is enforced.</p> <p>The ability of the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) to recover sufficient sums to satisfy payments to Noteholders upon enforcement of the Security will depend, among other things, on the quality of the Issuer's assets and any claims from preferential creditors. The Issuer's assets are only likely to be the Eligible Loans that it originates or purchases and the net proceeds from any issuances of Notes (less such sums which are lent as Eligible Loans) and there can be no assurance that (i) the Issuer will be able to originate Eligible Loans or purchase Eligible Loans, (ii) borrowers will not default on Eligible Loans or (iii) the Issuer will be able to recover sufficient sums following enforcement of the security relating to a defaulted Eligible Loan to satisfy, on a timely basis, the obligations of the borrower. As a result, there can be no assurance that the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Security. For the avoidance of doubt, the Security Trustee will have no rights to enforce security over any property or properties in respect of which an Eligible Loan has been granted or over any security granted by the Borrower or the Guarantor.</p>	
What is the relationship between the Issuer, the Guarantor and the Group?	<p>The Issuer is a wholly owned subsidiary of Urban Exposure Holdings Limited.</p> <p>The Guarantor is the ultimate holding company of the Group and is responsible for the overall business strategy and performance of the Group (other than such affiliates).</p> <p>The "Group" is comprised of the Guarantor and its subsidiaries (including the Issuer), taken as a whole.</p>	Part VII (<i>Business of the Issuer</i>)
Why has the Programme been established? What will the proceeds be used for?	<p>The Programme has been established to provide an alternative funding source for the Group. The net proceeds from each issuance of Notes will be applied by the Issuer for the purpose of originating or purchasing and funding loans which fulfil the eligibility criteria contained in Part VIII (<i>Terms and Conditions of the Notes</i>).</p>	Part X (<i>Form of Final Terms</i>) and Part VII (<i>Business of the Issuer</i>)
What financial covenants apply to the Issuer?	<p>The Issuer and the Guarantor have, pursuant to covenants set out in the Terms and Conditions of the Notes, undertaken to ensure that they maintain certain ratios and comply with certain limitations in respect of the Eligible Loans they originate or purchase and fund using the net proceeds of issuance of any Notes.</p> <p>These include:</p> <p>(i) an undertaking that the "WALTV" or weighted average LTV ratio of the total principal balance of all Eligible Loans held by the Issuer at</p>	Part VIII (<i>Terms and Conditions of the Notes</i>)

	<p>the time the ratio is calculated. The broad purpose of this covenant is to prevent the Issuer originating or purchasing too many Eligible Loans which are too large relative to the value of the property to which they relate;</p> <p>(ii)an undertaking that the total value of the assets which together make up the security underlying the Notes after the issue date of the relevant Notes. The purpose of this covenant is to ensure that, if ever the security underlying the Notes had to be enforced, the value of the security will be sufficient to ensure that Noteholders are repaid as much as possible (though this covenant does not mean that Noteholders are guaranteed to receive repayment in full in such a scenario as the Noteholders will have the right to be paid amounts due to them only after payment of, first, the remuneration, costs, expenses and liabilities due and payable to the Security Trustee and the Trustee, including costs incurred by them (or any receiver appointed by them) in the enforcement of the Security and, secondly, remuneration, costs, expenses and liabilities due and payable to the paying agents, transfer agents and calculation agents appointed in respect of the Notes); and</p> <p>(iii)an undertaking that the amount payable to the Issuer on all Eligible Loans in the Issuer's portfolio will, over time, result in the Issuer receiving more interest than the amount of interest it has to pay out to holders of Notes issued under the Programme.</p> <p><u>Worked example of the undertaking described in (ii) above:</u></p> <p><i>The worked example presented below is for illustrative purposes only and is in no way representative of the Issuer's issuance plans. The worked example is intended to demonstrate how the undertaking described in paragraph (ii) above is designed to work.</i></p> <p><i>On 1 August 2019, the Issuer issues £25 million in nominal amount of Notes ("Series 1 Notes"). On 1 October 2019, the Issuer issues a further £25 million in nominal amount of Notes ("Series 2 Notes"). On 1 January 2020, the Issuer issues a further £25 million in nominal amount of Notes ("Series 3 Notes").</i></p> <p><i>12 months after the issue date of the Series 1 Notes (being 1 August 2020), the total value of the assets which make up the security underlying the Notes must be at least equal to £25 million.</i></p> <p><i>12 months after the issue date of the Series 2 Notes (being 1 October 2020), the total value of the assets which make up the security underlying the Notes must be at least equal to 100% of the nominal amount of the Series 1 Notes and Series 2 Notes issued (£50 million).</i></p> <p><i>12 months after the issue date of the Series 3 Notes (being 1 January 2021), the total value of the assets which make up the security underlying the Notes must be at least equal to 100% of the nominal amount of all Notes issued (£75 million).</i></p>	
Have any Notes been issued under the Programme	No.	N/A

to date?		
How will the price of the Notes be determined?	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of "pricing" of the Notes in accordance with prevailing market conditions. The issue price for each Tranche will be specified in the applicable Final Terms.	N/A
What is the yield on Fixed Rate Notes and Zero Coupon Notes?	The yield in respect of each issue of Fixed Rate Notes and Zero Coupon Notes will be calculated on the basis of the Issue Price and specified in the applicable Final Terms. Yield is not an indication of future price. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.	N/A
Will the Notes issued under the Programme have a credit rating?	A Series of Notes issued under the Programme may be rated by a credit rating agency or may be unrated. Such credit ratings will not necessarily be the same as the rating assigned to the Issuer, the Guarantor or to any other Series of Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.	N/A
Will the Notes issued under the Programme have voting rights?	Holders of Notes issued under the Programme have certain rights to vote at meetings of Noteholders of the same Series, but are not entitled to vote at any meeting of Noteholders of any other Series, or any meeting of shareholders of the Issuer or the Guarantor or of any other member of the Group.	Part VIII (<i>Terms and Conditions of the Notes – Meetings of Noteholders, modification, waiver and substitution</i>)
Will I be able to trade the Note issued under the Programme?	<p>Application has been made to admit Notes issued during the period of 12 months from the date of this document to the Official List of the FCA and to admit them to trading on the London Stock Exchange plc's regulated market (including through its order book for fixed income securities). References in this document to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List of the FCA and have been admitted to trading on the London Stock Exchange's regulated market through its order book for fixed income securities.</p> <p>Once listed, the Notes may be purchased or sold through a broker. The market price of the Notes may be higher or lower than their issue price depending on, among other things, the level of supply and demand for the Notes, movements in interest rates and the financial performance of the Issuer, the Guarantor and the Group.</p>	Part XIII (<i>Additional Information – Listing and admission to trading of the Notes</i>)
What will Noteholders receive in a winding-up of the Issuer or the Guarantor?	<p>In the event of the Issuer's or the Guarantor's insolvency, the Noteholders, acting through the Security Trustee, will have recourse to the secured assets, which are secured for the benefit of the Security Trustee as described above.</p> <p>The floating charge granted over the secured assets shall become enforceable by the Security Trustee for and on behalf of itself, the Trustee, the Issuing and Paying Agent, the Paying Agents, the</p>	Part VI (<i>Business of the Guarantor and the Group</i>) and Part VII (<i>Business of the Issuer</i>)

Transfer Agents, the Registrar and the Calculation Agents under the Notes and the Noteholders, at the Security Trustee's discretion and in respect of all costs, claims and liabilities to or for which it may, in its opinion, thereby become liable upon an event of default occurring. As described above in the context of "floating charges", if the security becomes enforceable, the Security Trustee would typically be entitled to take possession of the relevant assets or interest and/or procure their sale (or else the Security Trustee could appoint a receiver to do these things on its behalf). Any proceeds would be held on trust for distribution to the Security Trustee, the Trustee, the Issuing and Paying Agent, the Paying Agents, the Transfer Agents, the Registrar and the Calculation Agents appointed with respect to the Notes and the Noteholders (in priority to claims of any other creditors of the Issuer and/or the Guarantor, as the case may be (save in respect of the claims of the holders of any other Series of Notes, whose claims would rank equally with those of the Noteholders)). Any cash remaining, after Noteholders had been paid in full, would be available to other unsecured creditors of the Group.

The Terms and Conditions of the Notes prohibit the Issuer from granting any further security, other than the floating charge which secures the Notes. As such, although the Issuer is a recently incorporated company with no other assets, the restrictions on its activities contained in the Terms and Conditions of the Notes (including this limitation on the granting of further security, and the requirement that the net proceeds of issuance of any Notes are solely used to originate Eligible Loans and purchase Eligible Loans), mean that there should not be any other competing interests from other parties if the floating charge over the Issuer's assets is enforced.

The ability of the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) to recover sufficient sums to satisfy payments to Noteholders upon enforcement of the Security will depend, among other things, on the quality of the Issuer's assets and any claims from preferential creditors. The Issuer's assets are only likely to be the Eligible Loans that it originates or purchases and the net proceeds from any issuances of Notes (less such sums which are lent as Eligible Loans) and there can be no assurance that borrowers will not default on Eligible Loans or that the Issuer will be able to originate Eligible Loans or purchase Eligible Loans. As a result, there can be no assurance that the Security Trustee (on behalf of the Noteholders and the other Secured Creditors) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Security.

A simplified diagram illustrating the expected ranking of the Notes compared to the Issuer's other creditors is set out below (**Noteholders claims in respect of the Notes will fall within the area shaded grey in this diagram**):

	Type of obligation	Examples of obligations
Higher ranking	Proceeds of fixed charged assets	Currently none
	Expenses of the	Remuneration due to administrator,

		liquidation/administration	administrative receiver or liquidator, together with fees and expenses
		Preferential creditors	Currently none
		Proceeds of floating charge assets	Issuer's obligations to make payment to the Security Trustee, the Trustee, the Secured Creditors and the Noteholders in relation to the Notes
		Unsecured obligations, including guarantees in respect of them	For example, trade creditors and unsecured obligations, for instance any banking facilities and other financings
	Lowest ranking	Shareholders	Ordinary shareholders
<p>However, if the surplus proceeds from the sale of assets following an enforcement event proved to be insufficient to cover all amounts due and payable to Noteholders in respect of the Notes, then Noteholders would be dependent on being able to receive any shortfall in money from the Guarantor (pursuant to the Guarantee) for satisfaction of any outstanding amounts.</p> <p>The Guarantor has unconditionally and irrevocably guaranteed that if the Issuer does not pay any sum payable by it under the Notes by the time and date required by the Conditions of the Notes (whether on the original due date, on acceleration or otherwise) then the Guarantor will pay that sum.</p> <p>The claims of Noteholders under the Guarantee will rank as senior unsecured obligations of the Guarantor on the winding-up or liquidation of the Guarantor. Consequently, the claims of Noteholders under the Guarantee will (i) be subordinated to (i.e. rank behind) the claims of all secured creditors of the Guarantor and any creditors which are preferred by law, as well as the claims of the Secured Creditors (other than the Noteholders), whose claims will be paid under the terms of the Trust Deed ahead of the claims of Noteholders and (ii) rank alongside all other senior unsecured obligations of the Guarantor. As a result, there can be no assurance that the Trustee (on behalf of the Noteholders and the other Secured Creditors) will be able to recover sufficient sums to satisfy the claims of Noteholders on the enforcement of the Guarantee on the winding-up or liquidation of the Guarantor as the claims of all secured creditors will need to be satisfied first.</p> <p>A simplified diagram illustrating the expected ranking of the Notes compared to the Guarantor's other creditors is set out below (Noteholders claims in respect of the Guarantee will fall within the area shaded grey in this diagram):</p>			

	Type of obligation	Examples of obligations
Higher ranking	Proceeds of fixed charged assets	Secured loan facilities Tax liabilities owing to HMRC
	Expenses of the liquidation/administration	Remuneration due to administrator, administrative receiver or liquidator, together with fees and expenses
	Preferential creditors	Remuneration due to employees
	Proceeds of floating charge assets	Security granted to entities in respect of obligations owed by the Guarantor to such entities
	Unsecured obligations, including guarantees in respect of them	Guarantor's obligations to make payment to the Trustee, the Security Trustee, the Secured Creditors and the Noteholders in relation to the Notes.
Lowest ranking	Shareholders	Ordinary shareholders

Structural Subordination in the context of the Notes

The Guarantor's assets include its holding of shares in its subsidiaries and, accordingly, the right to participate in a distribution of any of its subsidiaries' assets as a shareholder upon their liquidation, re-organisation or insolvency will be subordinated to (i.e. rank behind) any claims made against such subsidiaries, including their creditors such as any lending bank and trade creditors. The obligations of the Guarantor under the Guarantee are therefore structurally subordinated to any liabilities of the Guarantor's subsidiaries. Structural subordination in this context means that, in the event of a winding-up or insolvency of any of the Guarantor's subsidiaries, any creditors of that subsidiary would have preferential claims to the assets of that subsidiary ahead of any creditors of the Guarantor (i.e. including Noteholders).

A simplified diagram illustrating the structural subordination of the Guarantor's obligations under the Notes to any liabilities of the Guarantor's subsidiaries referred to above is set out below by way of example by reference to a subsidiary of the Guarantor (**Noteholders claims in respect of the Guarantee on the winding up or**

	liquidation of the Guarantor will fall within the area shaded grey in this diagram):																				
	<table><tr><td></td><td>Type of obligation</td><td>Examples of obligations</td></tr><tr><td>Higher ranking</td><td>Proceeds of fixed charged assets</td><td>Secured loan facilities</td></tr><tr><td rowspan="4"></td><td>Expenses of the liquidation/administration</td><td>Remuneration due to administrator, administrative receiver or liquidator, together with fees and expenses</td></tr><tr><td>Preferential creditors</td><td>Remuneration due to employees</td></tr><tr><td>Proceeds of floating charge assets</td><td>Secured loan facilities</td></tr><tr><td>Unsecured obligations, including guarantees in respect of them</td><td>For example, trade creditors and unsecured obligations, for instance any banking facilities and other financings</td></tr><tr><td>Lowest ranking</td><td>Shareholders</td><td>Ordinary shareholders (i.e. its 100% owner, the Guarantor)</td></tr></table>		Type of obligation	Examples of obligations	Higher ranking	Proceeds of fixed charged assets	Secured loan facilities		Expenses of the liquidation/administration	Remuneration due to administrator, administrative receiver or liquidator, together with fees and expenses	Preferential creditors	Remuneration due to employees	Proceeds of floating charge assets	Secured loan facilities	Unsecured obligations, including guarantees in respect of them	For example, trade creditors and unsecured obligations, for instance any banking facilities and other financings	Lowest ranking	Shareholders	Ordinary shareholders (i.e. its 100% owner, the Guarantor)		
	Type of obligation	Examples of obligations																			
Higher ranking	Proceeds of fixed charged assets	Secured loan facilities																			
	Expenses of the liquidation/administration	Remuneration due to administrator, administrative receiver or liquidator, together with fees and expenses																			
	Preferential creditors	Remuneration due to employees																			
	Proceeds of floating charge assets	Secured loan facilities																			
	Unsecured obligations, including guarantees in respect of them	For example, trade creditors and unsecured obligations, for instance any banking facilities and other financings																			
Lowest ranking	Shareholders	Ordinary shareholders (i.e. its 100% owner, the Guarantor)																			
Who will represent the interests of the Noteholders?	The Trustee is appointed to act on behalf of the Noteholders as trustee appointed pursuant to the terms of the Trust Deed throughout the life of any Notes issued under the Programme. The main obligations of the Issuer (such as the obligation to pay and observe the various covenants in the Terms and Conditions of the Notes) and the Guarantor are owed to the Trustee. These obligations are, in the normal course, enforceable by the Trustee only, not the Noteholders themselves. Although the entity chosen to act as Trustee is chosen and appointed by the Issuer and the Guarantor, the Trustee's role is to protect the interests of the Noteholders as a class.		Part VIII (Terms and Conditions of the Notes)																		
Can the Terms and Conditions of the Notes be amended?	The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to: (a) any modification of any of the provisions of the Trust Deed or the Security Deed that is, in the opinion of the Trustee in each following case, of a formal, minor or technical nature or is made to correct a manifest error or is made to comply with mandatory requirements of law; or (b) waive, modify or authorise any other modification of the Trust Deed or the Security Deed or any proposed breach or breach of a provision of the Trust Deed or the Security Deed if, in the opinion of the Trustee, such modification, proposed breach or breach is not prejudicial to the interests of the Noteholders. Noteholders may also sanction a modification of the Terms and Conditions of the Notes by passing an Extraordinary Resolution. An "Extraordinary		Part VIII (Terms and Conditions of the Notes – Meetings of Noteholders, modification, waiver and substitution)																		

	<p>Resolution" is a resolution passed (a) at a duly convened and held meeting of Noteholders with a majority of at least 75% of the votes cast, (b) in writing signed by the holders of not less than 75% in nominal amount of the Notes outstanding or (c) by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Issuing and Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding.</p>	
<p>What if I have further queries?</p>	<p>If you are unclear in relation to any matter, or uncertain if the Notes issued under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether to invest.</p>	<p>N/A</p>

PART IV: HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED

THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER NOTES IN DEFINITIVE FORM ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF YOUR NOTES AS SET OUT IN PART VIII (*TERMS AND CONDITIONS OF THE NOTES*) OF THIS DOCUMENT AND THE FINAL TERMS RELATING TO THE NOTES.

Type of Notes

Three types of Notes may be issued pursuant to this document: (i) Fixed Rate Notes which will bear a periodic and predetermined fixed rate of interest over the life of the Note; (ii) Floating Rate Notes which bear periodic floating rate interest; and (iii) Zero Coupon Notes, which do not bear interest (or any combination of these). Upon maturity, the Notes will pay a fixed redemption amount. Notes may provide for early redemption at the option of Urban Exposure Finance Plc (the "**Issuer**") (a call option) or at your option (a put option). The Issuer may also elect to redeem the Notes early in certain circumstances for tax reasons.

For the purposes of the scenarios below, unless otherwise specified, it is assumed that (i) the nominal amount per Note is £1,000 (which is the minimum amount that an investor may invest in the Notes), (ii) the issue price is 100 per cent. of the aggregate nominal amount and (iii) the Notes will be redeemed at 100 per cent. of the aggregate nominal amount.

The examples below are intended to demonstrate how the return on your investment will be calculated depending on the interest type and the relevant redemption provisions specified to be applicable for your Notes.

Worked Example: *Fixed Rate Notes*:

Fixed Rate Notes pay a periodic and predetermined fixed rate of interest over the life of the Note.

Unless your Notes are redeemed early, you will receive an amount in respect of a Note on each interest payment date calculated by applying the relevant fixed rate of interest to each Calculation Amount in relation to the Note, and then multiplying the resultant amount by the applicable Day Count Fraction described below.

Assumptions

- the fixed rate is 6% per annum;
- the day count fraction is "Actual/365 (Fixed)", being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 183.

Interest amount payable

The interest amount payable on the interest payment date will be £30.08 (rounded to two decimal places). This figure is calculated as fixed interest of 6%, or $0.06 \times £1,000 \times \text{day count fraction of } 183/365$, or 0.5013699.

Floating Rate Notes

Floating Rate Notes pay interest that is calculated by reference to a fluctuating benchmark rate, either (i) an interest rate benchmark, such as the London Interbank Offered Rate ("**LIBOR**") or the Euro Interbank Offered Rate ("**EURIBOR**"), or (ii) a rate of interest determined in accordance with market standard definitions, published by the International Swaps and Derivatives Association, Inc ("**ISDA Definitions**"), plus or minus, in each case, a margin and subject, in certain cases, to a maximum or minimum rate of

interest. Interest rate benchmarks reflect the rate at which banks are willing to lend funds to each other in a particular market (for LIBOR this is the London interbank market and for EURIBOR this is the Euro-zone interbank market). Interest rates determined in accordance with the ISDA Definitions reference hypothetical derivative contracts to determine a rate of interest.

If the benchmark rate is, for example, LIBOR or EURIBOR, this will commonly be taken as the rate appearing at the relevant time on a specified screen service. This is referred to in the Terms and Conditions of the Notes and the Final Terms as **"Screen Rate Determination"** and, in the case of such an issue of Floating Rate Notes, the Final Terms will specify the relevant benchmark (referred to in the Final Terms as the **"Reference Rate"**), the date and time on which the benchmark rate will be determined for each interest period (the **"Interest Determination Date"**) and the screen from which the rate will be taken (the **"Relevant Screen Page"**). If the screen rate is not available, the Terms and Conditions of the Notes contain fallback provisions which allow the rate to be determined on the basis of the arithmetic mean of rates quoted by reference banks in the relevant market.

If the interest rate is to be determined using the ISDA Definitions, this is referred to in the Terms and Conditions of the Notes and the Final Terms as **"ISDA Determination"**. In such a case, the interest rate will be equivalent to the floating rate which would be determined in a hypothetical interest rate swap transaction for which the Floating Rate Option, the Designated Maturity and the relevant Reset Date are specified in the Final Terms. In an interest rate swap, each counterparty agrees to pay either a fixed or floating rate of interest denominated in a particular currency to the other counterparty. The relevant ISDA Definitions on which the hypothetical swap transaction will be based will also be specified in the Final Terms.

Unless your Notes are redeemed early, in respect of each Note and on each interest payment date you will receive an amount calculated by applying the rate of interest for that interest period to each Calculation Amount, and then multiplying the resultant amount by the applicable Day Count Fraction as described above. The rate of interest for any interest period will be determined by adding the relevant margin to the level of the interest rate benchmark or rate determined using the ISDA Definitions, as applicable, for such interest period (or subtracting the relevant margin, if the margin is a negative number). The result may be subject to a maximum or minimum rate if so specified in the Final Terms.

Worked Example: Floating Rate Notes – Screen Rate Determination

Assumptions

- the Reference Rate is 6 month GBP LIBOR;
- the margin is "plus 2.00 per cent.";
- the rate of interest is subject to a maximum rate of 7.00 per cent. per annum;
- the day count fraction is "Actual/365 (Fixed)", being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 181.

Interest amount payable

- (i) If the Reference Rate on the relevant Interest Determination Date is shown on the Relevant Screen Page as 2.10 per cent. (2.10 per cent.), the interest amount payable on the corresponding interest payment date will be equal to £20.33 (rounded to two decimal places). This figure is calculated as $\text{£1,000} \times \text{rate of interest of 4.10 per cent. (or 0.041)} \times \text{day count fraction of } 181/365$. The rate of interest (4.10 per cent.) is calculated as the Reference Rate of 2.10 per cent. (or 0.021) plus 2.00 per cent. (or 0.02) margin, and, given the level of the rate, is not affected by the maximum rate of interest; and
- (ii) If the Reference Rate on the relevant Interest Determination Date is shown on the Relevant Screen Page as 6.16 per cent. (6.16 per cent.), the interest amount payable on the corresponding interest payment date will be equal to £34.71 (rounded to two decimal places). This figure is calculated as $\text{£1,000} \times \text{rate of interest of 7.00 per cent. (or 0.07)} \times \text{day count fraction of } 181/365$.

The rate of interest (7.00 per cent.) is set as the maximum rate of interest because the Reference Rate of 6.16 per cent. (or 0.0616) plus 2.00 per cent. (or 0.02) margin, results in a rate of 8.16 per cent. In this scenario, the rate of interest is capped at 7.00 per cent.

Worked Example: Floating Rate Notes – ISDA Determination

Assuming, for the purpose of this worked example only, that:

- the Floating Rate Option is GBP-LIBOR-BBA;
- the Designated Maturity is 6 months;
- the margin is "plus 1.50 per cent.";
- the rate of interest is subject to a maximum rate of 6.00 per cent. per annum;
- the ISDA Definitions on which the hypothetical swap transaction will be based are the 2006 ISDA Definitions;
- the day count fraction is "Actual/365 (Fixed)", being the actual number of calendar days in the interest period, divided by a year (assumed under this convention to be 365 days); and
- the actual number of calendar days in the interest period is 181.

Interest amount payable

- (i) If the floating rate for the hypothetical swap transaction would be determined on the relevant Reset Date as 2.40 per cent. (2.40 per cent.) on the basis of GBP-LIBOR-BBA (as defined in the 2006 ISDA Definitions) for the Designated Maturity, the interest amount payable on the corresponding interest payment date will be equal to £19.34 (rounded to two decimal places). This figure is calculated as $\text{£1,000} \times \text{rate of interest of 3.90 per cent. (or 0.039)} \times \text{day count fraction of } 181/365$. The rate of interest (3.90 per cent.) is calculated as the floating rate of 2.40 per cent. (or 0.024) plus 1.50 per cent. (or 0.015) margin, and, given the level of the rate, is not affected by the maximum rate of interest; and
- (ii) If the floating rate for the hypothetical swap transaction would be determined on the relevant Reset Date as 5.40 per cent. (5.40 per cent.) on the basis of GBP-LIBOR-BBA (as defined in the 2006 ISDA Definitions) for the Designated Maturity, the interest amount payable on the corresponding interest payment date will be equal to £29.75 (rounded to two decimal places). This figure is calculated as $\text{£1,000} \times \text{rate of interest of 6.00 per cent. (or 0.06)} \times \text{day count fraction of } 181/365$. The rate of interest (6.00 per cent.) is set as the maximum rate of interest because the floating rate of 5.40 per cent. (or 0.054) plus 1.50 per cent. (or 0.015) margin, results in a rate of 6.90 per cent. In this scenario, the rate of interest is capped at 6.00 per cent.

Zero Coupon Notes

No amount of interest will accrue or become payable on Zero Coupon Notes. In the case of Zero Coupon Notes, the Final Terms will specify the 'Interest Basis' to be 'Zero Coupon'. Zero Coupon Notes are generally issued at a discounted issue price (such as 95 per cent.) to their nominal amount and then repaid at their full amount (100 per cent.). Therefore, if you purchase Zero Coupon Notes on their issue date and hold them to maturity, your return will be the difference between the issue price and the nominal amount of the Zero Coupon Notes paid on maturity.

Worked Example: Zero Coupon Notes

Assumptions

- the nominal amount of the Note is £1,000;
- the Issue Price is 80 per cent. of the nominal amount of the Note;

- the Notes were due to mature five years after they were issued; and
- the Redemption Basis is 100 per cent. of the nominal amount of the Note.

Issue price

The amount payable per Note is 80 per cent. of the nominal amount = £800.

Interest amount payable

No interest will be payable.

Amount payable on redemption

The amount payable per Note will be 100 per cent. of the nominal amount = £1,000. This amount is 125 per cent. of the price per Note originally paid by the investor.

Redemption

Redemption at maturity

All of the Notes to be issued under the Programme are redeemable on their maturity date at not less than 100%. This means that, provided you hold the Notes until maturity, the amount you receive when the Notes mature will equal your initial investment. Unless your Notes are redeemed early (as described below) or are purchased and cancelled or an Event of Default occurs in respect of the Notes (as described below), if you purchased £1,000 in nominal amount of the Notes, you will receive £1,000 from the Issuer on the maturity date of the Notes. This is known as redemption at par. In such circumstances, the "Final Redemption Amount" will be shown in the applicable Final Terms as "100% of the nominal amount of the Notes" or "£1,000 per Calculation Amount".

Call options

A call option gives the Issuer the right to redeem the Notes before the final maturity date at a predetermined cash price on a specified date. If the Notes are redeemed, you will be paid the redemption amount specified in the Final Terms plus any accrued and unpaid interest. The Issuer is given the right to redeem all, but not some only, of the Notes in certain circumstances for tax reasons (as described in Condition 7(c)) and, if specified in the Final Terms, all, or some only, of the Notes on notice to holders of the Notes (as described in Condition 7(d)). The terms of any additional call options will be set out in the Final Terms.

Following the exercise by the issuer of a call option, you will receive an amount equal to the Early Redemption Amount specified in the Final Terms (in the case of a call for taxation reasons) or the Optional Redemption Amount specified in the Final Terms (in the case of any other call option) in respect of each Note, together with accrued (but unpaid) interest.

Put options

A put option gives you the right to require the Issuer to redeem all, or some only, of your Notes before the final maturity date at a predetermined cash price on a specified date(s). If you elect to exercise the put option in respect of one or more of your Notes, you will be paid the redemption amount specified in the Final Terms plus any accrued (but unpaid) interest up to (but excluding) the date of redemption of the relevant Notes. Notes that are not so redeemed shall continue until the final maturity date unless another event occurs at an earlier date requiring the redemption of the Notes or their purchase and cancellation (including the occurrence of an event of default in respect of the Notes).

PART V: TAXATION

United Kingdom Taxation

The following comments are a general summary of Urban Exposure Finance Plc's (the "Issuer") understanding of current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs ("HMRC") published practice (which may not be binding on HMRC) in the United Kingdom relating only to United Kingdom withholding tax on payments of principal and interest in respect of Notes as of the date of this document. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The comments apply only to persons who are the beneficial owners of Notes and may not apply to certain classes of persons such as dealers or certain professional investors. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes may affect the tax treatment.

The comments set out below do not constitute legal or tax advice. The following is a general guide and is not intended to be exhaustive. Any prospective Noteholders 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 Notes

Payments of interest on the Notes may be made without deduction or withholding for or on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the London Stock Exchange if they are listed on the Official List of the FCA and admitted to trading on the London Stock Exchange. Notes to be traded on a recognised stock exchange outside the United Kingdom will be treated as listed on a 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 that the Notes are and remain listed on a recognised stock exchange, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom tax where, at the time interest on the Notes is paid, the Issuer reasonably believes that the beneficial owner of the interest is a company within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Notes is less than 365 days from the date of issue and where the Notes are not issued under arrangements the intention or effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for more than 364 days.

If Notes are issued at a discount to their nominal amount and fall within the meaning of "deeply discounted securities" as defined in section 430 Income Tax (Trading and Other Income) Act 2005, any payments in respect of such discount element should generally not constitute interest and so in such a case should not be subject to any withholding on account of United Kingdom income tax. If Notes are repaid at a premium to their nominal amount or otherwise issued at a discount (as opposed to being "deeply discounted securities") then, depending on the circumstances, such a premium or discount may constitute a payment of interest for United Kingdom tax purposes and hence, subject to the exemptions described above, may be subject to withholding on account of United Kingdom income tax as set out below.

Where no exemption applies, an amount must generally be withheld from any payments of United Kingdom source interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%) subject to the availability of other reliefs under domestic law. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a direction to the Issuer or the Guarantor to pay interest to the Noteholder without

deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Payments in respect of the Guarantee

The United Kingdom withholding tax treatment of payments by the Guarantor under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate (currently 20%).

Other rules relating to United Kingdom withholding tax

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

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 Notes or any related documentation.

The above description of the United Kingdom withholding tax position does not consider the tax consequences of any substitution of the relevant Issuer or Guarantor as provided for by Condition 12(c).

The proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Council Directive on a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Act (FATCA)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under Part VIII (*Terms and Conditions of the Notes - Further Issues*) of this document) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Prospective holders of the Notes should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

PART VI: BUSINESS OF THE ISSUER

Incorporation and Status of the Issuer

Urban Exposure Finance Plc (the "**Issuer**") was incorporated and registered in England and Wales on 3 July 2019 under the Companies Act 2006 as a public limited company with registered number 12083859 under the name of Urban Exposure Finance Plc with an indefinite life. The principal legislation under which the Issuer operates is the Companies Act 2006.

The Issuer's registered address is 6 Duke Street St James's, London SW1Y 6BN, United Kingdom and its telephone number is +44 20 7408 0022.

The total allotted, issued share capital of the Issuer is £50,000 divided into 50,000 shares of nominal value of £1.00 each, and which are fully paid up. All of the Issuer's shares are held by Urban Exposure Holdings Limited which is a wholly-owned subsidiary of Urban Exposure Plc (the "**Guarantor**"). The Issuer's shares are not admitted to trading on any stock exchange or otherwise publicly traded.

Principal Activities

The objects of the Issuer are unlimited in accordance with Section 31(1) of the Companies Act 2006. However, the Terms and Conditions of the Notes (set out in Part VIII (*Terms and Conditions of the Notes*)) limit, for so long as any Notes remain outstanding, the Issuer's activities to issuing Notes under this Programme (and undertaking various related activities to the issuance of Notes) and originating or purchasing and funding loans which fulfil the eligibility criteria contained in Part VIII (*Terms and Conditions of the Notes*) ("**Eligible Loans**") (and management of its portfolio of Eligible Loans and any business ancillary or complementary thereto). Neither the issuance of Notes under this Programme nor the origination and purchase of Eligible Loans constitutes a regulated activity in the UK.

Since its incorporation, the Issuer has not engaged in material activities other than those incidental to its registration as a public limited company under the Companies Act 2006 and those related to the establishment of the Programme and the issuance of Notes hereunder.

The Issuer has no subsidiaries and no employees.

Lending Activities

As described in Part VIII (*Terms and Conditions of the Notes*), following the Issue Date of any series of Notes, the Issuer shall apply the net proceeds of such Notes for the purpose of originating or purchasing and funding Eligible Loans (as defined in Part VIII (*Terms and Conditions of the Notes*)). Each such Eligible Loan shall satisfy the criteria set out in the definition of Eligibility Criteria contained in Part VIII (*Terms and Conditions of the Notes*).

The Issuer will retain net proceeds of the Notes in cash prior to the funding of Eligible Loans and will access those net proceeds only when required to make advances to Borrowers in accordance with the terms of the Eligible Loans. They will not be used for any other purpose or co-mingled with any other assets of the Guarantor's Group. Payments of interest and principal on the Notes will be funded either from the proceeds received by the Issuer as interest and principal on the Eligible Loans or otherwise from the Group's other resources.

Directors and Company Secretary

The directors and company secretary of the Issuer are:

Name	Function
Randeesh Singh Sandhu	Director
Rabinder Singh ("Ravi") Takhar	Director

Daljit Kaur Sandhu

Director

Samuel Timothy Dobbyn

Director

Karen Dunstan

Company Secretary

The business address of the directors is 6 Duke Street St James's, London SW1Y 6BN, United Kingdom.

Conflicts of Interest

There are no potential conflicts of interest between the duties of each of the directors to the Issuer and his/her private interests or other duties.

Corporate Governance

Since the ordinary shares of the Issuer are not listed on any stock exchange, the Issuer is not required to comply with any UK corporate governance regime.

Financial Statements

The Issuer will prepare and publish audited financial statements on an annual basis and will prepare and publish semi-annual unaudited financial statements. The Issuer will prepare and publish its first audited financial statements for the period from 3 July 2019 to 31 December 2019. The Issuer's financial statements will be prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The Issuer has an accounting reference date of 31 December with the first fiscal year ending 31 December 2019. The auditors appointed in respect of the Issuer are BDO LLP of 55 Baker Street, London W1U 7EU, United Kingdom.

Recent Developments

There have been no recent events particular to the Issuer that are, to a material extent, relevant to the evaluation of the Issuer's solvency.

PART VII: BUSINESS OF THE GUARANTOR AND THE GROUP

Incorporation and Status of the Guarantor

Urban Exposure Plc (the "**Guarantor**") was incorporated and registered in England and Wales on 10 April 2018 under the Companies Act 2006 as a public limited company with registered number 11302859 with an indefinite life. The principal legislation under which the Guarantor operates is the Companies Act 2006.

The Guarantor's ordinary shares were admitted to trading on the AIM market operated by the London Stock Exchange on 9 May 2018 (the "**IPO**"). The Guarantor is the holding company of the Group.

The Guarantor's registered address is 6 Duke Street St James's, London SW1Y 6BN, United Kingdom and its telephone number is +44 20 7408 0022.

The objects of the Guarantor are unlimited in accordance with Section 31(1) of the Companies Act 2006.

As at the date of this Base Prospectus, the total allotted, issued and fully paid share capital of the Guarantor (excluding shares held in treasury) was £163,444,130 divided into 158,494,130 ordinary shares with nominal value of £0.01 each and 4,950,000 deferred shares with nominal value of £0.01 each.

Overview of the Group

The Urban Exposure business was established in 2002 as a residential developer and was responsible for the development of 5,500 units between 2002 and 2009. In 2005, the core business evolved into a primary lender to the residential mortgage market. Its focus further shifted in 2009 to providing finance in respect of residential development projects in the UK through loans and managing those loans through the drawdown stages to completion. Since this shift in focus, the Urban Exposure business has arranged £1,212 million in principal amount of real estate development loans, with no losses or arrears occurring on any of those loans.

The Guarantor assumed the Urban Exposure business on its IPO, which business had previously been conducted through a number of entities affiliated with each other.

In addition to the Issuer, the Group consists of the Guarantor, its immediate subsidiary, Urban Exposure Holdings Limited, an intermediate holding company, Urban Exposure Lendco Limited and Urban Exposure Amco Limited, both of which are wholly owned subsidiaries of Urban Exposure Holdings Limited and through which the Group conducts its lending and asset management operations, UEIM Limited, a wholly owned subsidiary of Urban Exposure Holdings Limited, and UE SFA 1 Limited, a wholly owned subsidiary of Urban Exposure Lendco Limited.

The Urban Exposure brand is recognised as a market leader in the residential development finance niche, winning industry accolades such as Property Week's RESI Financier of the year in 2014 and being shortlisted in 2015 and 2016.

The Group has relationships with over 300 high quality residential developers throughout the UK, consisting of small and medium enterprises ("**SMEs**"), as well as larger developers. These include relationships with Acorn, Ballymore, Clearview Homes, Galliard Homes, MACE, Strawberry Star, Urban Splash and U+I Plc. As a general rule, the Group's borrowers are required to have a track record in real estate development in the UK market of ten years or more.

These strong developer relationships generate repeat business, which have been built over time and depend on core values such as trust and certainty of execution. In many circumstances, the Group will become aware of the same deal from multiple developers, which enables it to be in a strong position to work with the winning developer.

The Group is focused on lending throughout the United Kingdom, predominantly in major cities and towns in England. Loans can range from £10 million to in excess of £150 million in principal amount, although it is expected that the Eligible Loans made by the Issuer will range up to £50 million in principal amount.

The Group's core business is managing third-party capital which is deployed in the form of debt finance to SME residential developers. The Group believes that it provides competitive and flexible finance terms to enable these developers to build mainstream housing in major towns and cities across the UK. The Group is particularly focused on financing under-supplied segments of the market, such as affordable housing for people on the lower rungs of the property ladder.

The development projects typically funded by the Group are core housing and apartment projects which are generally affordable and in high demand. This can help ensure geographical diversification of the projects and that stringent sales targets throughout the life of a development are met.

As the Group's management team has extensive experience as both lender and developer, the team is able to oversee and monitor every stage of a development project. With this experience and expertise, the management team is well-placed to exercise "step-in" rights and take over from a borrower and manage the completion of a development project should any material issues arise and does, in any case, become actively involved with the developments the Group has financed.

In the period from the IPO to 31 December 2018:

- The Group has originated 16 development loans with an aggregate principal amount of £525 million, of which £93 million was funded from its own resources and the balance from its partners and lenders. These 16 development loans have a weighted average loan term of 34 months. The Group believes that none of its competitors matched this level of originations over the same time period.
- The Group entered into a partnership agreement with Kohlberg Kravis Roberts ("**KKR**") for the making of development loans with an aggregate value of up to £165 million (of which the Group has committed to invest up to £15 million).
- The Group entered into loan-on-loan borrowing facility with UBS AG in respect of its partnership with KKR, pursuant to which the partnership could borrow up to £165 million, thereby increasing the lending capacity of the partnership to £330 million.
- The Group entered into a loan-on-loan borrowing facility with Aviva Investors in respect of the KKR partnership with a value of £33 million.
- Overall, third-party assets under management ("**AUM**") raised by the Group (including the KKR partnership but excluding the proceeds of the IPO) totalled £371 million.

The Group currently expects to originate loans with an aggregate principal amount of between £700 million and £900 million in the 2019 calendar year. As at the date of this Base Prospectus, the Group has a pipeline of 16 potential loans with an aggregate principal amount of up to £671 million in an advanced stage of negotiation. The Guarantor intends that this pipeline and other loans originated in 2019 will be part-funded by the proceeds of the issue of the Notes and part-funded by other sources, including the Group's joint venture partners and lenders, and by syndication of the relevant loans.

Strategy

The Group aims to fulfil the objectives of its two customer groups, borrowers and capital providers (who are generally institutional investors), with three strategic priorities:

- to grow a profitable loan book while maintaining excellent levels of credit quality;
- to raise additional third-party capital for deployment to the real estate development market; and
- to invest in the Group's operational efficiency, team learning and development.

The Group's asset management strategy follows three routes:

- syndicating loans alongside other lenders;
- making, holding and managing loans on behalf of single institutional investors ("managed accounts"); and
- making, holding and managing loans alongside multiple institutional investors ("co-mingled funding").

The Group seeks to generate interest and fees from borrowers by originating loans on its balance sheet, before moving the loans into these asset management structures, from which origination and management

fee income is then generated from capital providers. The Group retains exposure to a portion of all of the loans that it originates.

To enhance its income returns and lending capacity both for its own account and for its capital providers, the Group uses borrowing facilities from financial institutions.

Key performance indicators

The Group measures how successfully it delivers against its strategic objectives on the basis of the following key performance indicators:

- **New committed loans:** New committed loans represent the total new loans underwritten by the Group on both a co-investment and asset management basis. Growth in new committed loans reflects the ability of the Group to meet its objective of being a market-leading provider of residential property development finance. The new committed loans for the period from the IPO to 31 December 2018 have an aggregate principal amount of £525 million.
- **Projected aggregate income ("PAI") and minimum income to the Group:** PAI is an important metric for the Group as it represents the future income stream of all loans written. The recognition of this income is dependent on a number of factors, including the timing of the drawdown of a loan and the application of financial reporting standards. Each loan originated by the Group includes a Minimum Income Clause ("MIC"). MICs set a floor on the income from each loan originated by the Group, regardless of the drawdown profile or an early refinancing of the debt (guaranteed minimum income or "GMI"). Total projected income on each loan represents all interest and other connected income streams earned over the life of the loan and always exceeds the level secured by any MIC.

As at 31 December 2018, the PAI on the loans originated by the Group was £69 million, of which the Group was entitled to £27 million, to be recognised over the life of the loans.

On the basis of its current expectation that it will originate loans with an aggregate principal amount of between £700 million and £900 million in the 2019 calendar year, the Group expects the PAI on these loans to be between £32 million and £42 million.

The Group's forecast earnings profile for the PAI on its loans as at 31 December 2018 was as follows:

2018	2019	2020	2021	2022
12%	25%	25%	25%	13%

In the future, starting with loans originated in 2019, as the Group grows its AUM and the time between closing a loan and moving it into an asset management structure should reduce, the Group anticipates that its earnings profile for the PAI on new loans is more likely to adopt the following profile:

2019	2020	2021	2022	2023
5%	20%	30%	20%	25%

As at 31 December 2018, the GMI on the loans originated by the Group was £43 million, of which the Group was entitled to £15 million, to be recognised over the life of the loans.

- **Weighted average loan to gross development value ("WALTV"):** WALTV represents the weighted average of all loans expressed as a percentage of the gross development value of the total loan book. Gross development value represents the market value of the proposed development assessed on the specific assumption that the development is complete as at the date of valuation in the market conditions prevailing at that date. WALTV is used by the Group as a key indicator of the credit quality of the loans written. The Group aims not to exceed a WALTV of 75%. As at 31 December 2018, the WALTV was 67%.

- Operational costs as a percentage of total committed loan book: Operational costs as a percentage of the total committed loan book is calculated as total operational costs of the Group before exceptional items divided by the sum of total committed loans. Operational costs as a percentage of the total committed loan book is a measure of the operational efficiency of the Group and its ability to write and service loans, as well as to raise and manage external capital at a low cost. The Group targets an operational cost percentage of no more than 1%. As at 31 December 2018, the percentage was 0.81%.
- Earnings per share ("**EPS**"): Earnings per share is calculated by dividing the profit after tax by the weighted average number of shares in issue. Over the long term, growth in shareholder value and returns are linked to growth in EPS, which measures the profitability of the Group after tax and interest costs. The Group's earnings per share for the period ended 31 December 2018 was -1.18 pence per share.
- Organisational culture of high performance teaming, learning and development: Organisational culture is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organisation. Employee engagement surveys are conducted in order to monitor performance in the areas of 'psychological safety', 'teaming' and learning and development.

Origination and credit criteria

The Group evaluates up to 1,000 potential development projects a year.

The Group's origination process is intended to mitigate risk from the inception of a lending relationship, including through the following steps and procedures:

- Originations are made from an existing and trusted network.
- Although the Group does not impose specific credit-related pre-conditions to lending, full financial analyses are performed on borrowers and references obtained from previous lenders.
- Audits are conducted of borrowers' previous projects.
- Projects are modelled and analysed using proprietary tools and sensitivity testing.
- Projected project costs are tested against internal and external benchmarks and downside risk and asset recovery scenarios are modelled.

Lending process

The Group has a lending process with clear lending criteria and thresholds and a disciplined risk management process. The process involves rigorous underwriting and a hands-on asset management and loan servicing approach.

Borrowers are required to contribute all equity funding to a project before a loan is drawn down. Drawdowns then take place in stages as construction progresses and the development increases in value and depend upon specific milestones regarding construction and sales to be met.

Borrower due diligence

The initiation of the lending process begins with an assessment of the relevant borrower including know-your-customer and credit checks, legal and tax planning, a review of the borrower's (including any guarantor's or sponsor's) track record and financial position at a group level and at the individual borrower level. This phase also includes visiting past projects the borrower has developed, meeting and vetting the borrower's professional team, as well as visiting the proposed development site and inspecting potential comparable properties and/or competing development schemes in the nearby area.

No specific pre-conditions are imposed in respect of credit diligence, but the Group will not lend to a borrower when it does not regard that borrower as a satisfactory credit risk and will not lend in

circumstances where it does not have security over the relevant property at a loan to value ratio that it regards as appropriate to address any credit risk.

Development appraisal

This is followed by an appraisal of the development project conducted through an extensive modelling exercise and including planning verification, sales valuation and review of budget costs and build programme. This due diligence is conducted both internally and by third-party experts and consultants (including valuers, monitoring surveyors, planning consultants, rights of light surveyors, structural surveyors, etc.).

Legal due diligence and documentation

Following completion of the appraisal process, the loan is approved and legal counsel is instructed to: (i) draft the facility agreement and security documentation (and to perfect the security package); and (ii) complete the legal due diligence exercise to confirm correct title is held in respect of the property, planning consents have been obtained, construction documentation has been executed and finance documentation is fully executed (with supporting legal opinions).

Loan agreement terms

Lending is carried out on the basis of loan agreements that follow the Loan Market Association standard documents (long form and short form) for real estate development financing (which are accepted as the market standard and are generally lender-friendly), and the terms of which at a minimum include:

- A borrower may utilise the facility by delivery of a completed utilisation request, which is irrevocable and must specify the purpose, the proposed utilisation date and the amount. Evidence of the purpose must be provided and all conditions precedent to the utilisation request satisfied (including copies of all development consents, building contracts, project monitor reports, certificates of spend, collateral warranties and other relevant development documents).
- Utilisations bear interest for each interest period at a rate per annum equal to LIBOR (typically with a floor) plus a margin.
- Customary arrangement fees, exit fees and security agent fees are payable under the facility agreement. Minimum earning payments are also charged.
- One or more guarantors may guarantee the punctual performance by the borrower of its obligations under the loan agreement (including with respect to cost overruns and/or completion of the development) and undertake to indemnify each lender against any cost, loss or liability suffered by it if a guaranteed obligation is or becomes unenforceable, invalid or illegal.
- The borrower must observe certain market standard information undertakings and general corporate undertakings including, but not limited to, those relating to the delivery of financial statements/information and compliance certificates, notification of continuing defaults, consents and authorisations being maintained, financial covenant compliance, compliance with laws, taxation and perfection of security.
- The borrower must observe certain property and planning related undertakings which ensure maintenance of the title held in the property and compliance with property and planning related laws and regulations.
- The borrower must observe development related undertakings which ensure completion by no later than the agreed completion date, commencement and prompt carrying out of the development of a project, meeting certain sales milestones, that development consents are maintained and planning is complied with, that unbudgeted costs are not incurred and if they do arise they are funded out of equity, the supply of information on the development and that the lender and its agents have access to the project site for inspections and meetings.

- The borrower must comply with certain negative covenants including those relating to mergers, change of business, acquisitions and joint ventures, residence for tax purposes, the conduct of trade and business, assets and liabilities, negative pledge, disposals, transactions not on arm's length terms, change of ownership, loans and credit, guarantees and indemnities, dividends and share redemption, outstanding financial indebtedness, the issue of shares and treasury transactions.
- The agreement contains certain events of default including those relating to failure to pay, breach of undertakings, misrepresentation, cross default, insolvency, insolvency proceedings, insolvency of the contractor, unlawfulness and invalidity, abandonment, cessation of business, audit qualification, certain governmental or other regulatory actions that would substantially curtail the authority or ability of the borrower to conduct its business, repudiation and rescission of agreements, adverse material litigation and change of ownership.

Loan issuance

Loans will only be made once internal credit approval has been obtained and on the basis of satisfactory legal documentation, legal reports, valuation reports, project monitor reports and subject to customary conditions precedent.

Drawdowns will be permitted only following satisfactory equity investment in the relevant project by the borrower and otherwise in accordance with the achievement of pre-agreed sales milestones (subject to verification by external project monitors).

Draw-down process and monitoring

During the life of a development project, the Group is fully involved in all aspects of managing the project through frequent site visits, full input into the appointment of the construction team, including the main contractor and all other members of the team with design responsibility, and also has sign off authority for all design, planning, sales and marketing related aspects of the project. Detailed construction and sales milestones are drafted into facility agreements and monitored closely throughout the life of the loan.

LTV (loan to value)

The Issuer will not make any loans on the basis of an LTV ratio of more than 75% (including for the purposes of calculating the value of the loan, interest and fees due, as well as the principal amount lent). The Guarantor believes that this is a prudent basis on which to lend, given historical movements in real estate values, and provides adequate protection against any defaults by Borrowers under Eligible Loans.

Covenant management

The loan itself is serviced and managed through active covenant management, including LTV covenants, annual property valuations, monthly project monitoring reports, the disbursement of funds and the distribution of notices and statements of accounts to borrowers. Where there is a co-investment, the Group will typically perform advisory services for the co-lender and take responsibility for monitoring compliance with the terms of the loan and relationship with the borrower, for a fee.

Loans are structured so that leverage levels only increase as construction progresses and the underlying site value increases, with risks being mitigated by requiring contractual sale milestones for the properties under development, construction milestones and draw-stop events (which are designed to require specific pre-conditions are met before further funding is advanced).

Throughout the life of a development project, there is a strong focus on risk management, especially cost management through monthly "cost to complete" reports generated by the appointed project monitor. There is further engagement with the borrower and main contractor with respect to construction term and programme management and the Group also monitors the credit quality of any third party or parent company guarantors.

Exiting a loan

The Group can also assist borrowers with the exit from a project as required, including input into sales and marketing strategies. Often the majority, if not all, of the units are sold "off-plan" during the construction phase. Loan documentation with the borrower will generally require that a reduction in sales value by more than 5% against the agreed budget requires Group consent. However, when the Group models a loan, the costs of the development will not typically be reliant on sales revenue.

Rights in the event of default

In the event of a material breach by a borrower or security provider, a member of the Group (or a third party nominee selected by the Group), may "step into" the role of borrower in order to manage the completion of a specific project pursuant to rights granted under the loan and security documents relating to the project. In these circumstances, which will only occur where the relevant breach will threaten a satisfactory outcome of the relevant project, a member of the Group (or its nominee) will assume the project monitoring and completion role of the borrower of the project and exercise the rights of, and provide the services, that would otherwise be provided by that borrower in respect of the development of the project. It would not perform any construction activities in relation to the project, all of which would continue to be performed by an appropriately skilled construction team. Whether or not the Group chooses to exercise its "step in" rights, either directly or through a third party, depends on the stage of the relevant project at the time of the borrower's breach and the corporate and financial status of the borrower entity.

Lending terms

The Group generally requires the following lending terms:

- The drawdown of loan amounts by borrowers is subject to achievement of specific project milestones and evidence of spend validated by external third parties, and the prior investment by the borrower of its own equity in the project.
- All loans will be secured by a comprehensive security package, including a legal mortgage over the relevant real estate in respect of the entire debt, a charge over the equity of each obligor/group entity, a debenture and, where applicable, corporate and personal guarantees to cover cost overruns.
- The Group's out of pocket third party costs and expenses in assessing a potential loan will generally be underwritten by the proposed borrower or project sponsor.
- Project sponsors (for instance parent companies or other owners of borrowers) will typically be required to provide cost overrun guarantees and, in some cases, performance guarantees.
- Project contractors will typically be required to provide performance bonds, parent company guarantees, insurances, collateral warranties and step-in rights in favour of the Guarantor.
- Each borrower will be required to be held in a ring-fenced special purpose entity and will be subject to the Group's security requirements in addition to restrictions under its loan documents regarding its ability to transfer its assets to its parent or other members of its group, pay dividends to shareholders, lend, borrow or incur any additional indebtedness without the Group's consent.
- Loans will not typically be made to projects where the proceeds of projected sales are also required in order to finance the development, unless the Borrower obtains insurance in respect of the excess amount.
- Borrowers may be required to pay agency, arrangement, exit, minimum earning and exit fees to the Group in respect of their loans, in addition to prepayment and cancellation fees.
- Loans will be subject to mandatory repayment in whole or part on the sale of the developed property or any individual unit, or on-demand where such a facility is appropriate. Sales at a material discount to the anticipated exit price will require lender consent (typically when sold at 5% below GDV).
- The Group will typically link its lending rates to LIBOR, which is subject to a LIBOR floor.

- Loans will be made on the basis of documents that are satisfactory to the Group, based on the Loan Market Association standard documents and forms for real estate development financing (which are accepted as the market standard and are generally lender-friendly), and which will at minimum include market standard conditions precedent to drawdowns, representations and warranties and financial (including LTV) and non-financial covenant packages from the relevant borrower and standard events of default. Borrowers and sponsors will also be required to provide market standard indemnities in favour of all finance parties.
- Borrowers will be required to agree to specific timelines for the development and sale of projects, failure to achieve which will generally be an event of default entitling the lender either to call due the loan or for the Group or its appointee to sell the assets or to step into management of the project.
- Borrowers and the construction team must agree that a member of the Group (or its nominee) can "step in" to complete the development of a project in the event that there is an acceleration of the loan by the Group. In these circumstances, which will only occur where the relevant breach will threaten a satisfactory outcome of the relevant project, the relevant member of the Group (or its nominee) will assume the project monitoring and completion role of the borrower and exercise the rights of, and provide the services that would otherwise be provided by, that borrower in respect of the development of the project including monitoring and oversight of the contractor and subcontractors.
- Satisfactory RICS 'Red Book' valuations must be obtained in respect of the current market value and estimated gross development value of the properties in respect of which loans are made and such valuations can be updated annually at the Group's request.

Credit criteria and provisioning

Because of the nature of its loans and its borrowers and the relevant security package, the Group does not impose any specific pre-determined credit criteria for borrowers (with a specific assessment being made of the creditworthiness of each borrower) nor does it make any provisions for, or assumptions in respect of recovery rates for, bad debts on its loans. The Guarantor considers that the track record of the Urban Exposure group justifies this approach.

Market, Competition and Competitive Strengths

Market

The Group provides finance to the UK residential real estate development market.

The Group believes that this market has two fundamental characteristics which drive growth:

- Too few homes are being built – a recent projection by the UK Government states that approximately 300,000 new homes need to be built in England every year for the next decade in order to keep pace with rising demand and population growth. Under 165,000 new homes were built in 2017.
- A shortage of development finance – SME housebuilders' demands for finance outstrip supply due to the dramatic reduction in traditional bank lending to the residential development sectors since 2007, largely due to bank regulatory reforms following the global financial crisis in particular enhanced capital adequacy requirements. According to research by De Montfort University, available traditional bank real estate development finance has reduced by 35% from £23.9 billion in 2008 to £15.5 billion in 2017.

The Guarantor estimates that if the UK Government target of building 300,000 homes in every year for the next decade is to be met, approximately £237 billion of funding will be required.

The Guarantor believes that the current cross-party political will in the United Kingdom to address housing shortages and positive economic drivers, including low interest rates, inflation and real wage growth, which

continue to facilitate home ownership contribute to the market opportunity that the Group is seeking to address.

A key consideration for the Group is the impact on the UK economy by Brexit given there is still no clarity as to the nature of the UK's ongoing relationship with the rest of the EU. The key mitigant to Brexit risk for the Guarantor is to lend only on assets for which the ongoing need, and therefore value, is less likely to be adversely affected by the UK's future relationship with the EU. This translates to prudent credit policies and rigorous deal appraisal to ensure the sales risk of underlying properties is particularly low, for example through pre-sales and the financing of projects addressing undersupplied segments of the market. As a result, the Group's current approved loan pipeline consists of developments in high demand, growing areas of the UK, such as Greater London, Manchester and Birmingham.

Competition

The Group's competitors include other lenders, investment funds and banks who wish to lend to residential real estate property developers.

Competitive strengths

The Group operates in the UK's non-bank lending sector, which the Group believes is an under-supplied sub-segment of the market with significant unmet demand.

The Group believes that its competitive strengths are as follows:

- Management – the Group's management consists of an award-winning team of residential development finance specialists operating within the sector for over 16 years.
- Relationships – the Group's management team has relationships with over 300 high quality developers throughout the UK, each with a minimum of 10 years' experience.
- Access to capital – sources of funding are key to the Group's success and range from traditional banks to private equity and other alternative credit lenders.
- People – the Group's employees include highly skilled and respected industry figures in their relevant fields.
- Technical expertise – the Group has excellent underwriting processes as well as advanced risk management procedures.

The Group believes that it benefits from a number of barriers to entry, which make it well-placed to take advantage of the market opportunity, including:

- Track record with borrowers – it takes many years to build a reputation in the industry and a relationship of trust with quality borrowers who thoroughly vet a lender's experience and prior performance.
- Track record with capital providers – in order to attract capital, providers want to see a demonstrable track record of providing compelling returns, whilst also meeting their strenuous processes and reporting standards.
- Quantum of capital – substantial capital is required to compete effectively, and new entrants would have difficulty raising substantial sums with no track record in the industry.
- Cost of capital – in order to lend profitably to experienced developers, a lender's capital must be priced efficiently or they will be unable to attract quality borrowers and maintain credit quality.
- Intensive management – development finance requires intensive ongoing management compared to other real estate asset classes which new entrants may not have the operational capability to conduct.

- Technical expertise and "step-in" capacity – it takes time to recruit and build a technically competent team with the ability to step-in and manage or remediate distressed loans.

Regulation

As none of the Issuer, the Guarantor or other members of the Group carry out activities which are regulated in the UK, they are not currently required to be supervised by any regulatory authority in the UK and are not subject to the capital requirements or supervisory processes which apply to banks and other financial institutions in the UK.

UEIM Limited, which is a member of the Group, is currently in the process of applying to become authorised by the FCA as a full scope alternative investment fund manager.

As at the date of this Base Prospectus, the Guarantor believes that the Group is in full compliance with the laws and regulations applicable in the UK to its activities.

Employees

As at the date of this Base Prospectus, the Group had 30 employees.

Information Technology

IT is an integral part of the Group's operations.

The Group is in the process of implementing a bespoke technology platform to improve its customers' experience in all their dealings with the Group, and to increase the efficiency of Group's loan underwriting, management and asset management processes.

Major shareholders

As at the date of this Base Prospectus, the major shareholders of the Guarantor are as follows:

Major Shareholder	Percentage held of Guarantor ordinary shares in issue
Invesco Asset Management Limited	20.33%
JO Hambro Capital Management Limited	10.92%
Aberdeen Standard Investments (Standard Life)	9.88%
GLG Partners LP	6.88%
Rathbone Investment Management Limited	5.41%
BAE Systems Pension Fund Investment Management, LTD	4.69%
UE Holdco (Jersey) Ltd	4.51%
AXA Investment Management, LTD	4.26%
Soros Fund Management	4.11%
Weiss Asset Management	3.90%
Morgan Stanley	3.55%

To the extent known to the Guarantor, the Guarantor is not directly or indirectly controlled by any person.

Recent Developments

Other than as described in this Part VII, there have been no recent events particular to the Guarantor that are, to a material extent, relevant to the evaluation of the Guarantor's solvency.

MANAGEMENT OF THE GUARANTOR

Directors of the Guarantor

The following is a list of directors of the Guarantor and their principal directorships (if any) performed outside the Group which are, or may be, significant with respect to the Guarantor, as at the date of this Base Prospectus.

William Arthur McKee – Commander of the Most Excellent Order of the British Empire (CBE) – Independent Non-Executive Chairman

William McKee has acted on the boards of numerous companies, government bodies and local authorities including as CEO of the British Property Federation, Chairman of Tilfen Land Limited, Chairman of Thurrock Thames Gateway Development Corporation, Chair of Mayor of London's Outer London Commission. He is a director of Newcourt Residential Limited and a board member of the Mayor of London's Old Oak & Park Royal Development Corporation. William also acts as a member of a number of advisory committees including BPF Planning Committee, London First Retail Group and is Chair of the Mayor of London/London First Industry & Logistics Sounding Board. William was awarded a CBE in 2002 for services to the property industry and is an Honorary Member of the British Property Federation.

Randeesh Singh Sandhu – Chief Executive Officer

Randeesh co-founded the Urban Exposure business in 2002 when it was originally a property development company and has overseen its evolution into the development loan financing and asset management business which has existed to date. He is experienced in the origination, evaluation and structuring of real estate investments in senior and stretched senior whole loans, mezzanine debt and equity joint ventures. Prior to founding the Urban Exposure business, Randeesh was a credit risk analyst at Deutsche Bank and a market risk analyst at Royal & Sun Alliance Investments. He is a qualified actuary and a regular speaker/panellist at specialist industry conferences.

Rabinder Singh ('Ravi') Takhar – Executive Director

Ravi joined the Urban Exposure business in 2005 and previously served as chairman to the business. He has over 25 years' experience in the acquisition, financing and growth of financial businesses and since 2002 has been the CEO of AIM quoted Orchard Funding Group Plc, which specialises in insurance premium finance and the professional fee funding market. Ravi is also an independent non-executive director of Honeycomb Investment Trust plc, which specialises in the acquisition of loans made to consumers and small businesses as well as other counterparties and is listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange. He has previously held senior positions in several mortgage companies and as investment banker was a founding member of Nikko Principal Finance and Head of Mortgage Principal Finance at Investec Bank plc. Ravi qualified as a lawyer at Clifford Chance and, specialising in property finance, helped to secure the first mortgage-backed securitisations in the UK. He has an MA from the University of Oxford.

Samuel Timothy Dobbyn – Chief Financial Officer

Sam is a chartered accountant with extensive experience of financial planning and investor relations. He joined the Group from TP ICAP Plc where he was Head of Financial Planning and Analysis and Investor Relations, having previously held the same role at Brit Plc. Sam has over 15 years' experience in the financial services sector, including roles at ratings agency AM Best, Deloitte LLP and PricewaterhouseCoopers LLP, and holds an Executive MBA from Warwick Business School.

Andrew Martin Baddeley – Independent Non-Executive Director

Andrew currently serves as chief financial officer at wealth manager Tilney Group. He previously served as Group Chief Financial Officer for TP ICAP plc where he drove the completion of the ICAP acquisition as Tullett Prebon's Group Chief Financial Officer and led the planning and the initial implementation of the integration project. This followed 18 years in the Insurance industry where Andrew was latterly Group Chief Financial Officer of Brit Ltd through the IPO process and into the FTSE 250 with a £1 billion market capitalisation. Andrew qualified as a Chartered Accountant in 1987 and spent over ten years with PwC and

Ernst & Young. Andrew is currently a director of Hillcrest Residents Association Ltd, a governor of Walthamstow Hall School and serves on the Risk & Audit Committee of the Young Enterprise Trust.

Nigel Peter Greenaway – Independent Non-Executive Director

Nigel has 40 years' experience in the house building industry, with the final 30 as part of Persimmon plc. Nigel served on the Persimmon plc board from 2013 until he retired in 2016 from his role as South Division Chief Executive, a role which he held from 2007. Nigel was one of the senior Persimmon team meeting with the Home Builders Federation and with the Government. Following his retirement from Persimmon, Nigel has maintained a number of private business interests in the property and construction industry.

The business address of the Directors of the Guarantor is 6 Duke Street St James's, London SW1Y 6BN, United Kingdom.

There are no potential conflicts of interest between the duties of each of the Directors to the Guarantor and his private interests or other duties.

Corporate governance

The Guarantor's board of directors has established an audit committee and remuneration committee in connection with the management of the Group's business. In addition, the Guarantor has an executive committee, although that is not a committee of the Guarantor's board.

As an AIM-traded company, the UK Corporate Governance Code issued by the Financial Reporting Council ('FRC') does not apply to the Guarantor, however the Guarantor complies so far as possible with the requirements of the Corporate Governance guidelines published by the Quoted Companies Alliance (the QCA Guidelines) for AIM companies.

Executive Committee

The Guarantor's executive committee oversees the day-to-day management of the Guarantor and the Group. The executive committee meets on a monthly basis.

The following is a list of the principal members of the Guarantor's executive committee and their roles within the Guarantor as at the date of this Base Prospectus.

Randeesh Singh Sandhu – Chief Executive Officer

Rabinder Singh ('Ravi') Takhar – Executive Director

Biographies for Mr Sandhu and Mr Takhar are set out above.

Daljit Kaur Sandhu – Chief Operating Officer

Daljit was a co-founder of the Urban Exposure business and acts as chief operating officer. Within her role as Chief Operating Officer of the Guarantor, Daljit has oversight of day-to-day operations involving new business technical analysis and existing loan monitoring systems, processes and resourcing. Within Daljit's remit is the direction and management of long and short term business planning to support the current and long-term strategic objectives of the Group and oversight of its sales and marketing.

Daljit has a Bachelor's Degree in Business & Marketing, a postgraduate Diploma from the Chartered Institute of Marketing and an executive certificate from the Massachusetts Institute of Technology, in Future Commerce: Fintech. She has circa 19 years of experience in the financial services and real estate sectors having started her career working in the consumer credit industry in Business Development for Beneficial Bank (now part of HSBC) and key account management at AXA Insurance.

Victor Librae – Partner – Origination

Victor acts as a partner in origination, sourcing and securing loan projects with a range of borrowers. Throughout his career, Victor has arranged all forms of finance throughout the capital structure and his

skills lie in sourcing, structuring and negotiating lending opportunities via his extensive network of industry contacts. Previously, as founder and managing director of various structured finance companies, Victor facilitated the structuring and finance of over £2 billion in property related commitments since August 2007. In addition, Victor also worked as a director for a multi-billion pound asset manager in Zurich.

Adrian Mediratta – Partner – Origination

Adrian was a co-founder of the Urban Exposure business and acts as a partner in origination using his extensive network of industry contacts. Adrian's expertise has previously extended to international business development, including setting up two overseas offices, and managing projects in a number of jurisdictions such as the UK, Greece, Canada, Thailand and the Czech Republic. Adrian was educated at Charterhouse school and Nottingham Trent University.

There are no potential conflicts of interest between the duties of each of the principal members of the Guarantor's executive committee to the Guarantor and his/her private interests or other duties.

Audit Committee

The audit committee will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditors and reviewing the annual statutory accounts and half yearly reports. Where non-audit services are to be provided to the Guarantor by the auditors, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement will be considered before proceeding. The principal duties of the audit committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditors, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Guarantor's service providers. All members of the audit committee must be independent non-executive directors.

The members of the audit committee are Andrew Baddeley, William McKee and Nigel Greenaway. The audit committee is chaired by Andrew Baddeley.

Remuneration Committee

The remuneration committee has the primary purpose of determining, within the agreed terms of reference, the Guarantor's policy on the remuneration packages of the Guarantor's chairman, the executive directors, senior managers and such other members of the executive management as it is designated to consider. The remuneration committee also has responsibility for determining (within the terms of the Guarantor's policy and in consultation with the Guarantor's chairman and/or the chief executive officer) the total individual remuneration package for each executive director and other designated senior executives (including bonuses, incentive payments and share options or other share awards). The remuneration of non-executive directors is a matter for the Guarantor's chairman and executive directors of the board. No director or manager will be allowed to partake in any discussions as to their own remuneration. The members of the remuneration committee are independent non-executive directors. In addition, the remuneration committee has responsibility for reviewing the structure, size and composition (including the skill, knowledge and experience) of the Guarantor's board and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the board.

The members of the remuneration committee are Andrew Baddeley, William McKee and Nigel Greenaway. The remuneration committee is chaired by Nigel Greenaway.

SELECTED FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The following tables set out selected financial information relating to the Guarantor. Such information should be read together with the audited consolidated statements of the Guarantor as at and for the financial period ended 31 December 2018 which is set out in the Appendix (Audited Financial Information of the Guarantor) of this Base Prospectus. The audited information on the Guarantor is prepared in accordance with IFRS.

The following tables set out the summary audited consolidated statement of financial position, audited consolidated statement of comprehensive income and audited consolidated cash flow statement of the Guarantor as at and for the financial period ended 31 December 2018:

Audited Consolidated Statement of Financial Position of the Guarantor as at 31 December 2018

Non-current assets	£'000
Intangible assets	12,420
Tangible assets	4,276
Investments	1,949
Total non-current assets	18,645
Current assets	
Loan receivables	89,544
Trade and other receivables	3,947
Cash and cash equivalents	46,806
Total current assets	140,297
Total assets	158,942
Current liabilities	
Trade and other payables	3,217
Lease liabilities	229
Dividends payable	1,316
Total current liabilities	4,762
Total assets less current liabilities	154,180
Non-current liabilities	
Lease liabilities	3,576
Deferred tax	83
Total non-current liabilities	3,659
Net assets	150,521

Equity and reserves	
Share capital	1,700
Share premium	-
Retained earnings	148,821
Total equity and reserves	150,521

As the Guarantor was incorporated on 10 April 2018, the Guarantor has no comparative prior financial periods.

Audited Consolidated Statement of Comprehensive Income of the Guarantor for the period from 10 April 2018 to 31 December 2018

	Before exceptional items	Exceptional items	Total
	£'000	£'000	£'000
Income	3,903		3,903
Operating costs	(5,011)	(869)	(5,880)
Operating loss	(1,108)	(869)	(1,977)
Finance costs			(12)
Loss before taxation for the period			(1,989)
Taxation			273
Loss after taxation for the period and total comprehensive income			(1,716)
Earnings per share			
Basic EPS			(1.18p)
Diluted EPS			(1.18p)

All activities derive from the continuing operations of the Group.

As the Guarantor was incorporated on 10 April 2018, the Guarantor has no comparative prior financial periods.

Audited Consolidated Cash Flow Statement of the Guarantor for the period from 10 April 2018 to 31 December 2018

£'000

Cash flows from operating activities

Loss for the period after taxation	(1,716)
Adjustments for non-cash items:	
Amortisation of intangible assets	122
Share-based payments	480
Finance costs	12
Deferred tax credit for period	(273)
	(1,375)
Changes in working capital	
Increase in payables	2,160
Increase in trade investments	(1,949)
Increase in receivables	(89,693)
Net cash outflow from operating activities	(90,857)
Cash flows from investing activities	
Payments for purchase of tangible assets	(410)
Net cash outflow from investing activities	(410)
Cash flows from financing activities	
Proceeds from the issue of share capital	150,000
Share issue expenses	(6,722)
Share buyback	(5,205)
Dividends paid	-
Net cash inflow from financing activities	138,073
Net increase in cash and cash equivalents	46,806
Cash and cash equivalents brought forward	-
Cash and cash equivalents at 31 December 2018	46,806

As the Guarantor was incorporated on 10 April 2018, the Guarantor has no comparative prior financial periods.

PART VIII: TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Bearer Notes or Registered Notes in definitive form (if any) issued under the Programme. The full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms, shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are, unless otherwise stated, to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 15 July 2019 between the Issuer, the Guarantor and U.S. Bank Trustees Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). Security (as defined in Condition 20) for, among other things, the Notes and the Coupons is created by the Security Deed (the "**Security Deed**") dated 15 July 2019 between the Issuer and U.S. Bank Trustees Limited (in its capacity as "Security Trustee", which expression shall include all persons for the time being the security trustee or security trustees under the Security Deed). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below, and the Security Deed. An Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 15 July 2019 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, Elavon Financial Services DAC as initial issuing and paying agent and the other agents and registrar named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed, the Security Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 125 Old Broad Street, London EC2N 1AR) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons (the "**Talons**") for further Coupons (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Security Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

Each Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, depending upon the Interest and Redemption/Payment basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **No Exchange of Notes and Transfers of Registered Notes**

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 7(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so

specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(b)).

3. **Guarantee, Status and Application of Moneys**

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed.
- (b) **Status of the Notes:** The Notes and Coupons constitute direct and unconditional obligations of the Issuer, secured in the manner described in Condition 4, and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable law and subject to Condition 3(d), at all times rank at least equally with all other present and future unsubordinated obligations of the Issuer.
- (c) **Status of the Guarantee:** The obligations of the Guarantor under the Guarantee shall constitute direct, unconditional and (subject to Condition 5(c)) unsecured obligations of the Guarantor. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 5(c), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
- (d) **Application of Moneys:**

All moneys received by the Trustee in respect of the Guarantee shall be held by the Trustee and applied in the manner set out in the Trust Deed. All moneys recovered by the Security Trustee or any Receiver (as defined in Condition 20) following the enforcement of the Security, despite any appropriation of all or part of any such moneys by the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries (including any moneys which represent principal or interest in respect of Notes or Coupons which have become void under the Conditions), shall be held by the Security Trustee on trust to apply them in the following order of priority pursuant to the terms of the Security Deed:

- (i) *first*, in or towards satisfaction of or provision for (i) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by or payable to the Trustee and/or the Security Trustee in preparing and executing the trusts and carrying out its or their respective functions under the Transaction Documents and (ii) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by or payable to any Receiver appointed by the Security Trustee, including in either case the costs of enforcing and/or realising any Security;

- (ii) *secondly*, and *pari passu*, in or towards satisfaction of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts incurred by or payable to the Paying Agents, the Transfer Agents and the Calculation Agents under the Transaction Documents to which they are a party;
- (iii) *thirdly*, in or towards payment of all arrears of interest remaining unpaid in respect of the Notes or Coupons (including Further Securities) and all principal moneys due on or in respect of the Notes (including Further Securities); and
- (iv) *fourthly*, the balance (if any) in payment to the Issuer (where recovered from the Issuer) or the Guarantor (where recovered from the Guarantor).

4. Floating Charge Security

- (a) **Grant of Security:** The Noteholders and the other Secured Creditors will share in the benefit of the Security. The Security is granted by the Issuer under the terms of the Security Deed in favour of the Security Trustee, on trust for and on behalf of itself, the Security Trustee, the Trustee, the Noteholders and the other Secured Creditors, as security for the Secured Liabilities (as such terms are defined in Condition 20).
- (b) **Floating Charge:** The Security comprises a first floating charge upon the whole of the undertaking and all property, assets and rights, from time to time, of the Issuer.
- (c) **Trustee not liable for Security:** Neither the Trustee nor the Security Trustee will be liable for any failure to make any investigations in relation to the undertaking, property, assets or rights which are the subject of the Security, and neither of them shall be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the Secured Property (as defined in Condition 20), whether such defect or failure was known to the Trustee or the Security Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will either of them have any liability for the limitation on the Trustee's or the Security Trustee's ability to enforce or for any other restrictions or limitations or for the validity, sufficiency or enforceability of the Security whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Security or otherwise.

5. Covenants

- (a) **Eligibility Criteria and Management of the Portfolio:** Following the Issue Date of any Notes, the Issuer shall apply the net proceeds of such Notes (and it shall apply the net proceeds of any Further Securities, as defined in Condition 16) for the purpose of originating or purchasing and funding Eligible Loans. The Issuer shall thereafter use reasonable endeavours, for so long as any Note or Coupon remains outstanding: (i) to monitor compliance by each Borrower with the terms of its respective Eligible Loan(s), (ii) to collect cash payments under Eligible Loans and (iii) to enforce any Eligible Loans (or any terms of any Eligible Loans) and any related Security Interests.
- (b) **Financial Covenants:** Following the first anniversary of the Issue Date of any Notes and so long as any Note or Coupon remains outstanding, the Issuer and the Guarantor shall ensure that:
 - (i) at any time, the Weighted Average LTV Ratio of the Portfolio does not exceed 75%;
 - (ii) at any time, the aggregate Value of the Relevant Assets will be at least equal to the aggregate principal amount of all Notes outstanding (including any Further Securities); and
 - (iii) as at each Anniversary Date falling on or after the first anniversary of the Issue Date of any Notes, the Issuer maintains an Interest Coverage Ratio of at least 1.2:1.0.

- (c) **Negative Pledge of the Guarantor:** So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Guarantor will not create, permit to subsist or have outstanding, any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
- (d) **Restrictions on the Issuer:** So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer shall not (save as provided for in the Transaction Documents or with the prior written consent of the Trustee):
- (i) **No Security:** create, permit to subsist or have outstanding any Security Interest, other than the Security, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital);
 - (ii) **Restriction on Activities:** (x) engage in any activity which is not incidental to or necessary in connection with any of the activities which these Conditions and the Transaction Documents provide or envisage that the Issuer will engage in (such activities which the Issuer will engage in to include the issue of Notes and Further Securities, the origination or purchase of Eligible Loans, management of the Portfolio and any business ancillary or complementary thereto); or (y) have or form any subsidiaries or employees or premises, act as a director of any company or maintain any pension scheme;
 - (iii) **Use of Proceeds:** (i) apply the net proceeds of issuance of any Notes for any other purpose than the origination or purchase and funding of Eligible Loans satisfying the Eligibility Criteria; and (ii) pending application of the net proceeds of issuance of any Notes for the purpose described in (i), access such net proceeds other than when required to make advances to Borrowers in accordance with the terms of any Eligible Loans, or use such net proceeds (which must be retained in cash or cash equivalents) for any other purpose or co-mingle them with any other assets of the Consolidated Group;
 - (iv) **Dividends or Distributions:** at any time that an Event of Default or any Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing, pay any dividend or make any other distribution (other than, for the avoidance of doubt, for the purposes of the origination or purchase of Eligible Loans from time to time) to any Person;
 - (v) **Indebtedness:** incur any indebtedness (other than in connection with the issue of any Further Securities) in respect of borrowed moneys whatsoever, or give any guarantee or indemnity in respect of any indebtedness or obligation of any Person, save in each case for any intra-group borrowing which is fully subordinated to the Notes pursuant to the terms of the agreement between the Issuer (as borrower of such indebtedness) and the relevant member of the Consolidated Group (as lender of such indebtedness);
 - (vi) **Transfers of Eligible Loans:** acquire, dispose of or transfer any Eligible Loan (or any part thereof) for a price other than the par value of the relevant Eligible Loan plus accrued interest or otherwise if the effect of the acquisition, disposal or transfer would be to increase the level of arrears of the Portfolio at the time of the relevant acquisition, disposal or transfer; or
 - (vii) **Merger:** consolidate or merge with any other Person or convey or transfer its properties or assets substantially or as an entirety to any other Person (save in

respect of a solvent reorganisation the terms of which have been previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or a substitution pursuant to Condition 12(c)).

- (e) **Financial Reporting (Guarantor):** For so long as any Note or Coupon remains outstanding, (i) within four months of its most recent financial year-end, the Guarantor shall send to the Trustee a copy of its Financial Statements for such financial year, together with the report thereon of the Guarantor's independent auditors; and (ii) within three months of the end of the first half of each financial year, the Guarantor shall send to the Trustee a copy of its Financial Statements as at, and for the period ending on, the end of such period.
- (f) **Financial and other Reporting (Issuer):** For so long as any Note or Coupon remains outstanding: (i) within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its Financial Statements for such financial year, together with the report thereon by the Issuer's independent auditors; and (ii) within three months of the end of the first half of each financial year, the Issuer shall send to the Trustee a copy of its Financial Statements as at, and for the period ending on, the end of such period.
- (g) **Compliance Certificate:** The Issuer shall, concurrently with the delivery of its annual and half-year Financial Statements referred to in Condition 5(f) above, provide to the Trustee a certificate signed by two directors of the Issuer (or one director and the Chief Financial Officer of the Guarantor) confirming compliance with each of the covenants contained in this Condition 5 (throughout the relevant period, or as at the most recent Anniversary Date, as applicable), or, if not compliant with such covenants, setting out the details of such non-compliance and any proposed action to be taken in connection therewith; upon which certificate(s) the Trustee may rely absolutely without any liability to any person for so doing or further enquiry being required.
- (h) **Publication of Reports:** Contemporaneously with the publishing or furnishing of each of the Financial Statements described in Conditions 5(e) and 5(f) above, the Guarantor (on behalf of itself and the Issuer) will: (i) publish a press release with the appropriate regulatory information service (expected to be the Regulatory News Services (RNS) operated by the London Stock Exchange plc) confirming that such Financial Statements have been so published or furnished, and (ii) post such Financial Statements for viewing on the Guarantor's website.

6. Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f).
- (b) **Interest on Floating Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
 - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the

Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the

Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Applicable Maturity" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 9).
- (e) **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding:**
 - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Redemption Amount is specified hereon, then any Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that, if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest

Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the written consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee in its sole discretion otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest or proven error) be final and binding upon all parties.

- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means :

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) (in the case of euro, a day on which the TARGET System is operating (a **"TARGET Business Day"**)); and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **"Calculation Period"**):

- (i) if **"Actual/Actual"** or **"Actual/Actual - ISDA"** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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);
- (ii) if **"Actual/365 (Fixed)"** is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/365 (Sterling)"** is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **"Actual/360"** is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the 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 will 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;

- (vi) if **"30E/360"** or **"Eurobond Basis"** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the 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 will 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;

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the 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 (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

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

- (viii) if "**Actual/Actual-ICMA**" is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Determination Date" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone 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 Money Markets Institute (or any other person which takes over the administration of that rate) 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).

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Period" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"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 a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) 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 LIBOR rates can be obtained from the designated distributor).

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"Reference Rate" means (A) LIBOR for the relevant currency specified hereon or (B) EURIBOR, in each case for the relevant period as specified hereon.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7. **Redemption, Purchase and Options**

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 7(c), Condition 7(d) or Condition 7(e) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually, as determined by the Calculation Agent and notified to the Trustee and the other Agents.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c), Condition 7(d) or Condition 7(e) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note (as defined in sub-paragraph (B) above), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(c), Condition 7(d) or Condition 7(e) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 7(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 9 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case

may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate without further investigation or enquiry and without any liability to any person as sufficient evidence of the satisfaction of the condition precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders and Couponholders.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon as being applicable, the Issuer may, unless an Exercise Notice has been given pursuant to Condition 7(e), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 7(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7(d).

If Make-whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of the following, in each case, together with interest accrued to (but excluding) the Optional Redemption Date(s):

- (i) the nominal amount of the Note; and
- (ii) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by an independent financial adviser acting as expert (the "**Financial Adviser**") appointed by the Issuer and at its expense and approved in writing by the Trustee) expressed as a percentage (rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up)) at which the Gross Redemption Yield on the Notes on the Determination Date is equal to the Gross Redemption Yield at the Quotation Time specified hereon on the Determination Date specified hereon of the Reference Bond specified hereon (or, where the Financial Adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Redemption Margin specified hereon.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon. Any notice of redemption given under this Condition 7(d) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 7(c).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as is appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Trustee shall be entitled to rely on any advice of the Financial Adviser pursuant to this Condition without liability to any person and without further enquiry or evidence and such advice shall be binding on all parties.

In this Condition 7(d):

"Gross Redemption Yield" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and the Trustee by the Financial Adviser.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon as being applicable, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 7(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Purchases:** Each of the Issuer, the Guarantor and the Guarantor's Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (g) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered for cancellation, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

8. **Payments and Talons**

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 8(f)(v)) or Coupons (in the case of interest, save as specified in Condition 8(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the 15th day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank.
 - (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
 - (d) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 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 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (in each case without prejudice to the provisions of Condition 9). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
 - (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved in writing by the Trustee.
- In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(c) above.
- Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.
- (f) **Unmatured Coupons and unexchanged Talons:**
 - (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be

paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:
 - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

9. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons or the Guarantor under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon presented (or in respect of which the Certificate representing it is surrendered) for payment:

- (a) **Other connection:** by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting their Note(s) or Coupon(s) for payment on the thirtieth day after the Relevant Date.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

10. **Prescription**

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11. **Events of Default**

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction, give notice (an "**Acceleration Notice**") to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

- (i) **Non-Payment:** default is made in the payment of any principal of or interest when due on any of the Notes and such default continues for a period of 14 days; or
- (ii) **Breach of Covenants:** the Issuer or the Guarantor does not perform or comply with any one or more of its covenants or obligations under Conditions 4 or 5 and such default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (iii) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Transaction Documents and such default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (iv) **Cross-Acceleration:** (A) any other present or future indebtedness of the Issuer or the Guarantor or any Material Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is

not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or the Guarantor or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 11(iv) have occurred equals or exceeds £10,000,000 or its equivalent; or

- (v) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any Material Subsidiary and is not discharged or stayed within 45 days; or
- (vi) **Security Enforced:** any Security Interest present or future, created or assumed by the Issuer or the Guarantor or any Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) and (in the case of the Guarantor or the Material Subsidiary only) in any case is not discharged or stayed within 45 days; or
- (vii) **Insolvency:** any of the Issuer or the Guarantor or any Material Subsidiary is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any Material Subsidiary, in each case other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (viii) **Winding-up:** an administrator is appointed an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Material Subsidiary, or the Issuer or the Guarantor or any Material Subsidiary shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another Material Subsidiary; or
- (ix) **Ownership:** the Issuer ceases to be a subsidiary of and controlled by the Guarantor; or
- (x) **Security:** the Security Deed is not in full force and effect or does not create the Security which it is expressed to create with the ranking and priority that it is expressed to have; or
- (xi) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (xii) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this Condition 11,

provided that, in the case of Conditions 11(iii); and (in respect of any Material Subsidiary only) Conditions 11(v), 11(vi), 11(vii) and 11(viii); and (insofar as it relates to any of the paragraphs specifically mentioned in this proviso) Condition 11(xii), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

The Security, constituted by and held on the terms of the Security Deed, shall become enforceable upon the delivery of an Acceleration Notice by the Trustee.

12. **Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Transaction Documents. Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding (as defined in the Trust Deed). The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (viii) to modify or cancel the Guarantee or (ix) to modify, amend, waive or release the Security, in which case the necessary quorum shall be two or more persons holding or representing not less than 75% or at any adjourned meeting not less than 25% in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution signed in writing or (ii) consent given by way of electronic consents through the relevant clearing system(s), by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

- (b) **Modification and Waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Transaction Documents that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or is made to comply with mandatory provisions of law, and (ii) 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 Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary as defined in the Trust

Deed of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or any Transaction Document provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13. **Enforcement**

- (a) At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings or take such steps or actions against the Issuer or the Guarantor as it may think fit to enforce the terms of the Transaction Documents, the Notes and the Coupons, and, at any time after the Security has become enforceable the Trustee may, at its discretion and without further notice, take such steps, actions or proceedings as it may see fit to enforce the Security, but it need not take any such proceedings, steps or actions unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (b) Only the Security Trustee may enforce the Security in accordance with and subject to the terms of the Security Deed.

14. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, valuers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without further investigation or enquiry and without liability to any person for so doing on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15. **Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed

Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

16. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities ("**Further Securities**", which expression shall include any further securities constituted by the Trust Deed and any further securities constituted by such Trust Deed as amended, supplemented or replaced from time to time in relation to the Programme) secured by the Secured Property and either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any Further Securities issued pursuant to this Condition and forming a single series with the Notes. Any Further Securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed or any deed supplemental to it. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

17. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 17.

Notwithstanding the above, for so long as all the Notes are represented by a Global Note or Global Certificate which is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any such alternative clearing system and such notices shall be deemed to have been given to Noteholders on the day of delivery to Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system.

18. **Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19. **Governing Law**

The Trust Deed, the Security Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

20. **Definitions and Interpretation**

"**Anniversary Date**" means 31 December in each year.

"Borrower" means, in relation to an Eligible Loan, the Person or Persons named as entering into the Eligible Loan and to whom the Eligible Loan is advanced, together with any guarantor or surety and any Persons from time to time assuming the obligations of a Borrower to repay an Eligible Loan or any part of it.

"Cash" means cash for the time being held in hand or credited to a bank account in the name of the Issuer and to which the Issuer is beneficially entitled and for so long as: (i) that cash is repayable on demand, (ii) repayment of that cash is not contingent on the prior discharge of any other indebtedness of the Issuer or of any other Person or on the satisfaction of any other conditions, (iii) there is no Security Interest over that cash except pursuant to the Security Deed; and (iv) the cash is freely available to be applied in repayment or prepayment of the Notes.

"Consolidated Group" means the Guarantor and its consolidated Subsidiaries taken as a whole.

"Construction Budget" means the construction budget agreed with the relevant Borrower in respect of any Eligible Loan.

"Eligibility Criteria" means the following criteria which are required to be satisfied in respect of each Eligible Loan originated or purchased by the Issuer (and in respect of any Further Advance made by the Issuer) at the time of entering into a binding commitment to advance or acquire such obligation, provided that where an Eligible Loan is held by the Issuer jointly with one or more Subsidiaries and secured jointly for the benefit of the Issuer and such other Subsidiary or Subsidiaries of the Guarantor, the proportionate part thereof owned by and secured for the benefit of the Issuer:

Identity of Borrower	All Borrowers must be corporate entities.
Security	All loans must be secured by a first-ranking or second-ranking legal charge over the property of the relevant Borrower, with at least 85% of loans by value being secured by a first-ranking legal charge.
Maximum loan-to-value ("LTV")	Individual LTV Ratio of 75% and WALTV Ratio of 75% at any time.
Maximum loan to cost ("LTC")	Individual LTC Ratio of 90%
Loan Size	Following the first anniversary of the Issue Date of any Notes, the principal amount drawn by a Borrower under each loan must not be more than 50% of the nominal amount of Notes issued pre-syndication and not more than 20% of the nominal amount of Notes issued post-syndication. Each loan must not be more than 50% drawn pre-syndication.
Single Borrower Limit	Following the first anniversary of the Issue Date of any Notes, the principal amount of all loans to any one Borrower or group of Borrowers under all loans must not be more than 50% of the nominal amount of Notes issued pre-syndication of the relevant loan and not more than 20% of the nominal amount of Notes issued post-syndication of the relevant loan.
Loan Purpose	Residential or mixed use real estate acquisition and development.
Property Criteria	All properties against which loans are secured must be located in United Kingdom. Property may be freehold or leasehold, provided that (in the case of a leasehold property) there is more than 50 years remaining on the lease

	at the time the loan is granted.
	Property may be residential or mixed use.
	All properties must be valued by a Royal Institution of Chartered Surveyors (RICS) registered valuer.
Currency	All loans will be made (and interest payable thereon) in Sterling.

"Eligible Loans" means, as of any date of determination, any debt obligation originated or purchased and held by the Issuer either by itself or jointly with one or more other Funding Entities to the extent that such loan is secured for the benefit of the Issuer (or the Issuer and one or more other Funding Entities, where held jointly with such Funding Entity) on the Property in respect of which such loan was advanced and which satisfied the Eligibility Criteria at the time of entering into a binding commitment to advance or acquire such obligation. For the purposes of calculating amounts or ratios in respect of the terms "Further Advance", "Individual LTC Ratio", "Individual LTV Ratio", "Original Balance", "Original Valuation", "Portfolio", "Principal Balance", "Value", "Weighted Average LTV Ratio of the Portfolio" and "Weighted Individual LTV", where Eligible Loans are held by the Issuer jointly with one or more Funding Entities and secured jointly for the benefit of the Issuer and such other Funding Entity or Funding Entities, the term Eligible Loan shall accordingly be construed as to mean the proportionate part thereof owned by and secured for the benefit of the Issuer.

"Financial Statements" means, (x) in the case of the Issuer, its audited annual financial statements or its half-year financial statements (which may be unaudited), as the case may be, and (y) in the case of the Guarantor, its audited consolidated financial statements or its half-year financial statements (which may be unaudited), as the case may be, including the relevant accounting policies and notes to the accounts where applicable and in each case prepared in accordance with IFRS, consistently applied.

"Funding Entities" means any member of the Consolidated Group or any other entity which grants or makes loans to third party borrowers in which a member of the Consolidated Group owns an equity interest or to which a member of the Consolidated Group provides advisory or management services;

"Further Advance" means an additional advance of principal made by the Issuer (or one or more other Funding Entities to the extent that such loan is purchased or held by the Issuer jointly with one or more other Funding Entities) to the relevant Borrower on the same loan account, beyond the amount of the initial advance of principal in respect of an Eligible Loan, and which satisfied the Eligibility Criteria at the time of entering into a binding commitment to advance such obligation.

"Further Securities" has the meaning given to such term in Condition 16.

"IFRS" means the generally accepted accounting practice and principles applicable to the business the Consolidated Group conducts, which are currently International Financial Reporting Standards as adopted by the European Union.

"Individual LTC Ratio" means, as at any date of determination, the proportion (expressed as a percentage) represented by (1) the Principal Balance of an Eligible Loan *plus* any monies secured by any prior ranking legal charge secured on the same Property which is the subject of such Eligible Loan to (2) the amount of the Construction Budget in respect of that Eligible Loan.

"Individual LTV Ratio" means, as at any date of determination, the proportion (expressed as a percentage) represented by (1) the Principal Balance of an Eligible Loan *plus* any monies secured by any prior ranking legal charge secured on the same Property which is the subject of such Eligible Loan to (2) the amount of the Original Valuation in respect of that Eligible Loan.

"Interest Coverage Ratio" means, at any Anniversary Date, the ratio of Total Committed Cash Flows to the amount of Interest Payable.

"Interest Payable" means, as at any Anniversary Date, the aggregate interest that is due to accrue, in respect of any Notes and any Further Securities, during the twelve month period from (and excluding) that Anniversary Date to (and including) the next following Anniversary Date, in each case whether or not interest actually falls due and payable by the Issuer on any day within such period.

Where interest is payable in respect of any Notes or Further Securities in any currency or currencies other than pounds sterling, it will be converted into pounds sterling at such spot rate on the relevant Anniversary Date as the Issuer shall select.

"Material Subsidiary" at any time shall mean a Subsidiary of the Guarantor (other than the Issuer, and other than a Non-Recourse Company):

- (i) whose gross assets (or, if the Subsidiary in question prepares consolidated accounts, whose total consolidated gross assets) attributable to the Guarantor represent not less than 10% of the consolidated gross assets of the Consolidated Group, all as calculated by reference to the then latest audited accounts (unconsolidated or, as the case may be, consolidated) of the Subsidiary and the then latest audited consolidated accounts of the Consolidated Group; or
- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Guarantor which immediately before the transfer is a Material Subsidiary.

"Non-Recourse Borrowings" means, at any time, borrowings (as identified in the then latest audited consolidated accounts of the Guarantor or which, having arisen since the date of the then latest audited consolidated accounts of the Guarantor, the Guarantor intends will be identified in the next consolidated accounts) made by a ring-fenced special purpose company such that the lender has recourse for repayment of those borrowings only to that company or its assets and (if applicable) to other Non-Recourse Companies or their assets.

"Non-Recourse Company" means a member of the Consolidated Group whose borrowings are Non-Recourse Borrowings, or to whom or against whose assets the lender of Non-Recourse Borrowings has recourse for their repayment.

"Original Balance" means the principal amount of an Eligible Loan (together with any capitalised fees) advanced to a Borrower by the Issuer at the time of that Eligible Loan's inception.

"Original Valuation" means, in relation to any Eligible Loan, the open market valuation obtained by the Issuer (together with one or more other Funding Entities to the extent that such Eligible Loan is purchased or held by the Issuer jointly with such other Funding Entity or Entities) in respect of the Property which is the subject of such Eligible Loan either on or about the time of origination or purchase of the Eligible Loan assuming, in the case of a development loan, that the relevant development has been completed (and, for the purposes of the definition of Individual LTV Ratio in relation to any Eligible Loan, means any updated open market valuation obtained by the Issuer to support any Further Advance on such Eligible Loan).

"Person" means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, government, or any agency or subdivision thereof or any other entity.

"Portfolio" means all Eligible Loans held by the Issuer from time to time.

"Principal Balance" means, as of any date of determination, the principal amount outstanding as of such date to the Issuer under an Eligible Loan (excluding accrued interest, arrears of interest, insurance premia, fees, charges or other expenses but including fees and charges in each case capitalised at any time during the term of the Eligible Loan included in the total sum outstanding from the Borrower).

"Programme" has the meaning given to it under the definition of Prospectus.

"Property" means freehold or leasehold property (or properties) in England or Wales, as the case may be.

"Prospectus" means the Base Prospectus published by the Issuer on 15 July 2019 upon the establishment of its £500,000,000 Euro Medium Term Note Programme.

"Receiver" means a receiver and manager or other receiver (whether appointed pursuant to the Transaction Documents, pursuant to any statute, by a court of otherwise) in respect of all or part of any Secured Property and shall, if allowed by law, include an administrative receiver.

"Related Rights" means, in relation to any Relevant Asset:

- (a) all rights under any licence, agreement for sale or agreement for lease or other use in respect of all or any part of that asset;
- (b) all rights, powers, benefits, claims, contracts, warranties, remedies, covenants for title, security, guarantees or indemnities in respect of any part of that asset;
- (c) the proceeds of sale, transfer or other disposal, lease, licence, or agreement for sale, transfer or other disposal, lease or licence of all or any part of that asset;
- (d) any other moneys paid or payable in respect of that asset;
- (e) any awards or judgments in favour of the Issuer in relation to that asset; and
- (f) any right against any clearance system and any right under any custodian or other agreement.

"Relevant Assets" means (a) the Portfolio and (b) any Cash, in each case that is for the time being forming part of the Secured Property.

"Relevant Indebtedness" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be (with the agreement of the issuer thereof), quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

"Secured Creditors" means each of (a) the Trustee, (b) the Security Trustee, (c) any Receiver appointed by the Trustee or the Security Trustee, (d) the Issuing and Paying Agent, the Paying Agents, Transfer Agents, Registrar and the Calculation Agents, (e) the Noteholders, (f) the Couponholders and (g) the holders of any Further Securities (including any note, coupon or talon in relation thereto or the person in whose name the relevant note is registered, as the case may be).

"Secured Liabilities" means all present and future moneys, debts and liabilities due, owing or incurred by the Issuer to the Secured Creditors or any of them under or in connection with the Notes, Coupons, any Transaction Document and any Further Securities (in each case, whether alone or jointly, or jointly and severally, with any other Person, whether actually or contingently and whether as principal, guarantor, surety or otherwise).

"Secured Property" means the undertaking, property, assets and rights from time to time subject, or expressed to be subject, to the Security or any part of those assets (including the Relevant Assets) and any Related Rights.

"Security" means any Security Interest created, evidenced or conferred by or under the Security Deed.

"Security Interest" means any mortgage, lien, charge, assignment, hypothecation or security interest or any other arrangement having a similar effect under the laws of any applicable jurisdiction.

"Series" means a series of Notes.

"Subsidiary" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

"Total Committed Cash Flows" means, as at any Anniversary Date, the annualised returns associated with the total committed cash flows over the full term of each of the relevant Eligible Loans then held by the Issuer.

"Transaction Documents" means the Trust Deed, the Security Deed, the Agency Agreement and any document supplemental thereto or issued in connection therewith.

"Value" means, as of any date of determination, (x) in the case of the Portfolio, the Principal Balance under each Eligible Loan and (y) in the case of Cash, the amount thereof for the time being.

"Weighted Average LTV Ratio of the Portfolio" is the sum of the Weighted Individual LTV calculation for each Eligible Loan in the Portfolio, expressed as a percentage.

"Weighted Individual LTV" is calculated by dividing the Principal Balance of each Eligible Loan by the Principal Balance of all outstanding Eligible Loans in the Portfolio and multiplying the result by the Individual LTV Ratio of such Eligible Loan.

In these Conditions:

- (a) references to any agreement, deed or other document shall be deemed also to refer to such agreement, deed or other document as amended, varied, supplemented or novated from time to time and shall include any replacement thereto from time to time;
- (b) words importing a gender shall include all genders;
- (c) references to any persons or entities include their successors, assignees and transferees; and
- (d) references to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

PART IX: SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM IN THE CLEARING SYSTEMS

Initial issue of Notes

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

Upon the initial deposit of a Global Note with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative global Certificate (the "**Global Certificate**") to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also (if indicated in the applicable Final Terms) be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of accountholders with clearing systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by Urban Exposure Finance Plc (the "**Issuer**") or Urban Exposure Plc (the "**Guarantor**") to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer or the Guarantor will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange/Transfer

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the applicable Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see Part XII (*Subscription and Sale - Selling restrictions*) of this document), in whole, but not in part, for the Definitive Notes (as defined and described below); and
- (b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes.

If the applicable Final Terms indicates that the temporary Global Note may be exchanged for Definitive Notes, trading of such Notes in Euroclear and Clearstream, Luxembourg will only be permitted in amounts which are an integral multiple of the minimum Specified Denomination.

Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below) in whole but not in part for Definitive Notes if the permanent Global Note is held on

behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Certificates

If the Final Terms state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to either paragraph (a) or (b) above, the registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will: (a) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (b) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this document, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendments to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in Base Prospectus. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 8(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Prescription

Claims against the Issuer or the Guarantor in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any their Subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

Issuer's option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not

be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System (as the case may be).

Noteholders' options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to a Paying Agent for notation.

Trustee's powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate, as the case may be, and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Notes represented by such Global Note or Global Certificate.

Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding (an **"Electronic Consent"** as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum (as defined in the Trust Deed) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer, the Guarantor and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer, the Guarantor and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the **"relevant clearing system"**) and, in the case of (b) above, the relevant

clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer, the Guarantor or the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

PART X: FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency):

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("MIFID II");**
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU, AS AMENDED OR SUPERSEDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR**
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE (AS DEFINED BELOW).**

[CONSEQUENTLY NO][THE ISSUER HAS PREPARED A] KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA [HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION].

MIFID II PRODUCT GOVERNANCE / [RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ECPS] TARGET MARKET – SOLELY FOR THE PURPOSES OF [THE/EACH] MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES, PROFESSIONAL CLIENTS AND RETAIL CLIENTS, EACH AS DEFINED IN MIFID II; [AND] (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES [TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS] ARE APPROPRIATE [,INCLUDING INVESTMENT ADVICE, PORTFOLIO MANAGEMENT, NON-ADVISED SALES AND PURE EXECUTION SERVICES] [AND (III) THE FOLLOWING CHANNELS FOR DISTRIBUTION OF THE NOTES TO RETAIL CLIENTS ARE APPROPRIATE: [INVESTMENT ADVICE[,/ AND] PORTFOLIO MANAGEMENT[,/ AND][NON-ADVISED SALES][AND PURE EXECUTION SERVICES]], SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE]] [CONSIDER ANY NEGATIVE TARGET MARKET]. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS[, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE].]

Final Terms dated [•]

Urban Exposure Finance Plc

Legal Entity Identifier: 894500KBDKYAUXPIQ93

Issue of [•] unconditionally and irrevocably guaranteed by Urban Exposure Plc

under the £500,000,000 Euro Medium Term Note Programme

Any person making or intending to make an offer of the Notes may only do so[:

- (i) in those Public Offer Jurisdiction[s] mentioned in Paragraph 8 of Part B below, provided such person is of a kind specified in that paragraph and that such offer is made during the Offer Period specified for such purpose therein; or
- (ii) otherwise] in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

None of the Issuer, the Guarantor or any Dealer has authorised, nor does any of them authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

Part A – CONTRACTUAL TERMS

[*New issues*][Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated 15 July 2019 [and the supplement(s) to it dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Article 5.4 of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/%20market-news/market-news-home.html> and at www.urbanexposureplc.com/investors/Retail-Bond.]

[*Tap issues*][Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in and extracted from, the Base Prospectus dated 15 July 2019, and which are incorporated by reference in the Base Prospectus (as defined below). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 15 July 2019 [as modified by the supplement to it dated [•],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/%20market-news/market-news-home.html> and at www.urbanexposureplc.com/investors/Retail-Bond.]

1	Issuer:	Urban Exposure Finance Plc
2	Guarantor:	Urban Exposure Plc
3	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	(iii) Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [•] on the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [•]/[the Issue Date][Not Applicable]

4	Specified Currency or Currencies:	[GBP/EUR/U.S.\$]
5	Aggregate Nominal Amount:	
	(i) Series:	[•]
	(ii) Tranche:	[•]
6	Issue Price:	[•]% of the Aggregate Nominal Amount [plus accrued interest from [•]]
7	(i) Specified Denominations:	[•] [and each integral multiple of the Calculation Amount in excess thereof up to and including [•]. No Notes in definitive form will be issued with a denomination above [•]]
	(ii) Calculation Amount:	[•]
8	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[[•]/Issue Date/Not Applicable]
9	Maturity Date:	[[•]/Interest Payment Date falling in or nearest to [•]]
10	Interest Basis:	[[•]% Fixed Rate] [[•] +/- [•] % Floating Rate] [Zero Coupon] [(further particulars specified in [•] and [•]below)]
11	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.
12	Change of Interest Basis:	[Applicable/Not Applicable]
13	Put/call options:	[Investor Put] [Issuer Call] [Not Applicable] [(further particulars specified in [•] and [•] below)]
14	Date of [Board] approval for issuance and guarantee of Notes obtained:	[•] [and [•], respectively]

Provisions relating to Interest payable

15	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(i) [Rate[(s)] of Interest:	[•]% per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[•] in each year
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest

		Payment Date falling [in/on] [•]
	(v) [Day Count Fraction in relation to Early Redemption:]	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(vii) Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
16	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(i) [Interest Period(s):	[•]
	(ii) Specified Interest Payment Dates:	[[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
	(iii) First Interest Payment Date:	[•]
	(iv) Interest Period Date:	[•]
	(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(vi) Business Centre(s):	[•]
	(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 Issuing and Paying Agent):	[•]
	(ix) Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[EURIBOR]/[LIBOR]/[•]
	– Interest Determination Date(s):	[•]

– Relevant Screen Page:	[•]
(x) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[•]
– Designated Maturity:	[•]
– Reset Date:	[•]
– ISDA Definitions:	2006
(xi) Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xii) Margin(s):	[[+/-][•] per cent. per annum/Not Applicable]
(xiii) Minimum Rate of Interest:	[•] per cent. per annum
(xiv) Maximum Rate of Interest:	[•] per cent. per annum
(xv) Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]

17	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(i) [Amortisation Yield:	[•] per cent. per annum
	(ii) Day Count Fraction in relation to Early Redemption:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]

Provisions Relating to Redemption

18	Call Option	[Applicable/Not Applicable]
	(i) [Optional Redemption Date(s):	[•]

	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount][Make-whole Amount][Condition 7(b) applies]
	(iii) [Make-whole Amount	
	- Quotation Time:	[•]
	- Determination Date:	[•]
	- Reference Bond:	[•]
	- Redemption Margin:	[[•]%/None]
	(iv) If redeemable in part:	
	Minimum Redemption Amount:	[•] per Calculation Amount
	Maximum Redemption Amount:	[•] per Calculation Amount
	(v) Notice period:	[•]
19	Put Option:	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount][Condition 7(b) applies]
	(iii) Notice period:	[•]
20	Final Redemption Amount of each Note:	[•] per Calculation Amount
21	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on Redemption for taxation reasons or on event of default or other early redemption:	[[Par]/[•] per Calculation Amount]

General Provisions Applicable to the Notes

22	Form of Notes:	<p>Bearer Notes:</p> <p>[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]</p> <p>Registered Notes:</p>
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Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg.

23 Financial Centre(s): [Not Applicable/[•]]

24 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]

[Third Party Information]

[•] has been extracted from [•]. The Issuer and the Guarantor confirm 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 information inaccurate or misleading.]

Signed on behalf of Urban Exposure Finance Plc:

By:

Duly authorised

Signed on behalf of Urban Exposure Plc:

By:

Duly authorised

Part B – OTHER INFORMATION

1 Listing and admission to trading

Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities with effect from [•].]

2 Ratings

Ratings: [[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's: [•]]

[Moody's Investor Services Limited: [•]]

[Fitch Ratings Limited: [•]]

[AM Best: [•]]

3 Interests of natural and legal persons involved in the issue/offer

[Save for [•]] so far as the Issuer and the Guarantor is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, including conflicting interests./So far as the Issuer and the Guarantor is aware, the following persons have an interest material to the issue/offer: [•]] [•]]

4 Reasons for the offer, use of proceeds, estimated net proceeds and total expenses

Reasons for the offer: [•]

Use of proceeds: [•]

Estimated net proceeds: [•]

Estimated total expenses: [•]

5 [Fixed Rate Notes– yield

Indication of yield: Calculated as [•] on the Issue Date. Yield is not an indication of future price.]

6 [Floating Rate Notes - Historic

interest rates

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7

Operational information

ISIN:	[•]
Common Code:	[•]
CFI:	[•]
FISN:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/[•]]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[•]

8

Distribution

(i)	Names and addresses of underwriters and underwriting commitments:	[Not Applicable/[•]]
(ii)	Stabilising Manager(s) (if any):	[•]
(iii)	Date of underwriting agreement:	[•]
(iv)	Material features of underwriting agreement, including quotas:	[•]
(v)	Portion of issue/offer not covered by underwriting commitments:	[•]
(vi)	Indication of the overall amount of the underwriting commission and of the placing commission:	[•]% of the Aggregate Nominal Amount
(vii)	U.S. Selling Restrictions (Categories of potential investors to which the Notes are offered):	Reg. S Compliance Category [2]; [C Rules/D Rules/TEFRA Not Applicable]
(viii)	Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable]
(ix)	Public Offer/Basis of Consent:	

- | | | |
|-----|---------------------------------|---|
| (a) | Public Offer: | [Not Applicable] [An offer of the Notes may be made by [•] [and any other Authorised Offerors in accordance with paragraph [•] below] (the " Initial Authorised Offerors ") other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom (the " Public Offer Jurisdiction ") during the period from [•] until [•] (the " Offer Period "). See further paragraph [8(xii)] below. |
| (b) | General Consent: | [Applicable][Not Applicable] |
| (c) | Other Authorised Offeror Terms: | [Not Applicable/[•]] |

9

[Terms and conditions of the offer

- | | | |
|--------|--|-----------------------------|
| (i) | Offer Price: | [Issue /Not Applicable/[•]] |
| (ii) | Conditions to which the offer is subject: | [Not Applicable/[•]] |
| (iii) | Description of the application process: | [Not Applicable/[•]] |
| (iv) | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not Applicable/[•]] |
| (v) | Details of the minimum and/or maximum amount of application: | [Not Applicable/[•]] |
| (vi) | Details of the method and time limits for paying up and delivering the Notes: | Not Applicable/[•]] |
| (vii) | Manner in and date on which results of the offer are to be made public: | [Not Applicable/[•]] |
| (viii) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/[•]] |
| (ix) | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: | [Not Applicable/[•]] |
| (x) | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | [Not Applicable/[•]] |

- | | | |
|--------|---|--|
| (xi) | Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | [Not Applicable/[•]] |
| (xii) | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: | The Initial Authorised Offerors identified in paragraph [[7(ix)(a)] above [and any additional financial intermediaries who have or obtain the Issuer's and the Guarantor's consent to use the Base Prospectus in connection with the Public Offer and who are identified on the website of the Issuer at [•] as an Authorised Offeror] (together the " Authorised Offerors ") [and [•]] |
| (xiii) | Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment: | [•] will be appointed as registered market maker[s] [through London Stock Exchange plc's order book for fixed income securities when the Notes are issued.]] |

Annex to Final Terms

Summary of the Notes

[•]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency):

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("MIFID II");**
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EU, AS AMENDED OR SUPERSEDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR**
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE (AS DEFINED BELOW).**

[CONSEQUENTLY NO][THE ISSUER HAS PREPARED A] KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA [HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION].

MIFID II PRODUCT GOVERNANCE / [RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ECPS] TARGET MARKET – SOLELY FOR THE PURPOSES OF [THE/EACH] MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES, PROFESSIONAL CLIENTS AND RETAIL CLIENTS, EACH AS DEFINED IN MIFID II; [AND] (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES [TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS] ARE APPROPRIATE [,INCLUDING INVESTMENT ADVICE, PORTFOLIO MANAGEMENT, NON-ADVISED SALES AND PURE EXECUTION SERVICES] [AND (III) THE FOLLOWING CHANNELS FOR DISTRIBUTION OF THE NOTES TO RETAIL CLIENTS ARE APPROPRIATE: [INVESTMENT ADVICE[,/ AND] PORTFOLIO MANAGEMENT[,/ AND][NON-ADVISED SALES][AND PURE EXECUTION SERVICES]], SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE]] [CONSIDER ANY NEGATIVE TARGET MARKET]. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER['S/S'] TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS[, SUBJECT TO THE DISTRIBUTOR'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE].]

Final Terms dated [•]

Urban Exposure Finance Plc

Legal Entity Identifier: 894500KBDKYAUXPIQ93

Issue of [•] unconditionally and irrevocably guaranteed by Urban Exposure Plc

under the £500,000,000 Euro Medium Term Note Programme

Part A – CONTRACTUAL TERMS

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated 15 July 2019 [and the supplement(s) to it dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Article 5.4 of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/%20market-news/market-news-home.html> and at www.urbanexposureplc.com/investors/Retail-Bond.]

[*Tap issues*][Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in and extracted from, the Base Prospectus dated 15 July 2019, and which are incorporated by reference in the Base Prospectus (as defined below). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 15 July 2019 [as modified by the supplement to it dated [•],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/%20market-news/market-news-home.html> and at www.urbanexposureplc.com/investors/Retail-Bond.]

1	Issuer:	Urban Exposure Finance Plc
2	Guarantor:	Urban Exposure Plc
3	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	(iii) Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [•] on the Issue Date/exchange of the temporary Global Note for interests in the permanent Global Note as referred to in paragraph 22 below, which is expected to occur on or about [•]/[the Issue Date][Not Applicable]
4	Specified Currency or Currencies:	[GBP/EUR/U.S.\$]
5	Aggregate Nominal Amount of Notes:	
	(i) Series:	[•]
	(ii) Tranche:	[•]
6	Issue Price:	[•]% of the Aggregate Nominal Amount [plus accrued interest from [•]]
7	(i) Specified Denominations:	[•][and each integral multiple of the Calculation Amount in excess thereof up to and including [•]. No

Notes in definitive form will be issued with a denomination above [•]]

	(ii)	Calculation Amount:	[•]
8	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[[•]/Issue Date/Not Applicable]
9		Maturity Date:	[[•]/Interest Payment Date falling on or nearest to [•]]
10		Interest Basis:	[[•]% Fixed Rate] [[•] +/- [•] per cent. Floating Rate] [Zero Coupon] [(further particulars specified in [15] and [16] below)]
11		Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100% of their nominal amount.
12		Change of Interest Basis:	[Applicable/Not Applicable]
13		Put/Call Options:	[Investor Put] [Issuer Call] [Not Applicable] [(further particulars specified in [18] and [19] below)]
14		Date of [Board] approval for issuance and guarantee of Notes obtained:	[•] [and [•], respectively]

PROVISIONS RELATING TO INTEREST PAYABLE

15		Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(i)	[Rate[(s)] of Interest:	[•] per cent. per annum [payable in arrear on each Interest Payment Date]
	(ii)	Interest Payment Date(s):	[•] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

		[Actual/Actual – ICMA]
16	Floating Rate Note Provisions	[Applicable/Not Applicable]
(i)	[Interest Period(s):	[•]
(ii)	Specified Interest Payment Dates:	[[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below]
(iii)	First Interest Payment Date:	[•]
(iv)	Interest Period Date:	[•]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(vi)	Business Centre(s):	[•]
(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 Issuing and Paying Agent):	[•]
(ix)	Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[EURIBOR]/[LIBOR]/[•]
	– Interest Determination Date(s):	[•]
	– Relevant Screen Page:	[•]
(x)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
	– Reset Date:	[•]
	– ISDA Definitions:	2006
(xi)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xii)	Margin(s):	[[+/-][•] per cent. per annum/Not Applicable]
(xiii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiv)	Maximum Rate of Interest:	[•] per cent. per annum
(xv)	Day Count Fraction:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)]

		[Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
17	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(i) [Amortisation Yield:	[•] per cent. per annum
	(ii) Day Count Fraction in relation to Early Redemption:	[Actual/Actual] [Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]

PROVISIONS RELATING TO REDEMPTION

18	Call Option	[Applicable/Not Applicable]
	(i) [Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount][Make-whole Amount][Condition 7(b) applies]
	(iii) [Make-whole Amount	
	- Quotation Time:	[•]
	- Determination Date:	[•]
	- Reference Bond:	[•]
	- Redemption Margin:	[[•]%/None]
	(iv) If redeemable in part:	
	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(v) Notice period	[•]
19	Put Option	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[•]

	(ii) Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount][Condition 7(b) applies]
	(iii) Notice period:	[•]
20	Final Redemption Amount of each Note	[[Par] per Calculation Amount]
21	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[[Par]/[•] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	Form of Notes:	<p>Bearer Notes:</p> <p>[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]</p> <p>Registered Notes:</p> <p>Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg.</p>
23	Financial Centre(s):	[Not Applicable/[•]]
24	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[No/Yes]

[Third party information

[•] has been extracted from [•]. The Issuer and the Guarantor confirm 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 information inaccurate or misleading.]

Signed on behalf of Urban Exposure Finance Plc:

By:

Duly authorised

Signed on behalf of Urban Exposure Plc:

By:

Duly authorised

PART B – OTHER INFORMATION

1 Listing and admission to trading

Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's regulated market through its order book for fixed income securities with effect from [•].]

2 Ratings

Ratings: [[The Notes to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:

[Standard & Poor's: [•]]

[Moody's Investor Services Limited: [•]]

[Fitch Ratings Limited: [•]]

[AM Best: [•]]

3 Interests of natural and legal persons involved in the issue/offer

[Save for [•]] so far as the Issuer and the Guarantor is aware, no person involved in the offer of the Notes has an interest material to the issue/offer, including conflicting interests./So far as the Issuer and the Guarantor is aware, the following persons have an interest material to the issue/offer: [•]]

4 Expense of the admission to trading

Estimated total expenses: [•]

5 [Fixed Rate Notes– yield

Indication of yield: Calculated as [•] on the Issue Date. Yield is not an indication of future price.]

6 [Floating Rate Notes - Historic interest rates

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7 Operational information

ISIN: [•]

Common Code:	[•]
CFI:	[•]
FISN:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/[•]]
Names and addresses of additional Agent(s) (if any):	[•]

8

Distribution

(i)	U.S. Selling Restrictions:	Reg. S Compliance Category [2]; [C Rules/D Rules/TEFRA Not Applicable]
(ii)	Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable]
(iii)	Method of distribution:	[Syndicated]/[Non-syndicated]
(iv)	If syndicated	[Not Applicable]/[•]
(a)	Names of Managers and underwriting commitments:	[Not Applicable]/[•]
(b)	Stabilising Manager(s) (if any):	[Not Applicable]/[•]
(v)	If non-syndicated, name and address of Dealer:	[Not Applicable]/[•]

Annex to Final Terms

Summary of the Notes

[•]

PART XI: CLEARING AND SETTLEMENT

Following their delivery into a clearing system, interests in Notes may be delivered, held and settled in Euroclear UK & Ireland Limited (formerly known as CREST Co Limited) ("**CREST**") by means of the creation of dematerialised depository interests (i.e. securities without any physical document of title which are distinct from the Notes), held, settled and transferred through CREST ("**CDIs**") representing the interests in the relevant Notes underlying the CDIs (the "**Underlying Notes**"). The CDIs will be issued by CREST Depository Limited (the "**CREST Depository**") to holders of CDIs (the "**CDI Holders**") and will be governed by English law.

The CDIs will represent indirect interests in the interest of the CREST Nominee in the Underlying Notes. Pursuant to the provisions of the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) ("**CREST Deed Poll**"), the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**"), Notes held in global form by the common depository (the "**Common Depository**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by Urban Exposure Finance Plc (the "**Issuer**").

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear and Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Underlying Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List of the FCA.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service. The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.

- (c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST Manual and the CREST Rules contained in the CREST Manual applicable to the CREST International Settlement Links Service (the "**CREST Rules**") and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) You should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. Your attention is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI.
- (g) You should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.
- (h) You should note that none of the Issuer, the Guarantor, the Dealers, the Trustee, the Issuing and Paying Agent or their respective advisers 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.
- (i) You should note that Notes issued in temporary global form exchangeable for a permanent Global Note will not be eligible for CREST settlement as CDIs. As such, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such temporary Global Note is exchanged for a permanent Global Note, which could take up to 40 days after the issue of the Notes.

PART XII: SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 15 July 2019 (the "**Dealer Agreement**") between Urban Exposure Finance Plc (the "**Issuer**"), Urban Exposure Plc (the "**Guarantor**") and Peel Hunt as initial dealer (the "**Dealer**"), the Notes will be issued from time to time by the Issuer and may be subscribed for from time to time by one or more Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers who are appointed as Dealers in respect of specified Tranches only. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealer(s), acting as agent(s) of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the update of the Programme and the Dealer(s) for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealer(s) against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealer(s) to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling restrictions

Notes may be offered by the Issuer, the Guarantor or Dealers to any investors, subject to the restrictions described below.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. 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 under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (a) as part of their distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

United Kingdom

The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of FSMA by the Issuer or the Guarantor;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, the Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws, regulations and ministerial guidelines of Japan.

Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area (the "**EEA**"). For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**");
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive (as defined below);
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Public offer selling restriction under the Prospectus Directive

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", the Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") (the "**Relevant Implementation Date**"), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State

except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved Prospectus*: if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer and the Guarantor has consented in writing to its use for the purpose of that Public Offer;
- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer and the Guarantor for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

In this provision and in Base Prospectus generally, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended or superseded, and includes any relevant implementing measure in the Relevant Member State.

Republic of Ireland

The Dealer has represented and warranted and each further Dealer appointed under the Programme will be required to represent and warrant that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes in Ireland:

- (a) otherwise than in conformity with the provisions of MiFID II including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof, or any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) otherwise than in compliance with the provisions of the Irish Companies Act 2014 (as amended), the Central Bank Acts 1942-2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) otherwise than in compliance with the provisions of the Prospectus Directive 2003/71/EC (as amended or superseded) and any rules issued by the Central Bank of Ireland (the Central Bank under Section 1363 of the Irish Companies Act 2014 (as amended)); and
- (d) otherwise than in compliance with the provisions of the Market Abuse Regulation (Regulation (EU) No 596/2014, as amended) and any rules or guidance issued by the Central Bank of Ireland from time to time under Section 1370 of the Irish Companies Act 2014 (as amended).

Jersey

The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by Base Prospectus as contemplated by the final terms in relation thereto in Jersey, save to the extent that such Dealer is authorised, or otherwise permitted, to do so pursuant to the Financial Services (Jersey) Law 1998.

Guernsey

The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by Base Prospectus in or from within the Bailiwick of Guernsey, and that it will not distribute or circulate Base Prospectus, directly or indirectly, to any persons in the Bailiwick of Guernsey, save to the extent that such Dealer is licensed or otherwise permitted to do so pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) or any exemption therefrom. Base Prospectus has not been delivered to, nor approved or authorised for circulation in the Bailiwick of Guernsey by the Guernsey Financial Services Commission or the States of Guernsey Policy Council and therefore Base Prospectus may not be circulated by way of public offer in the Bailiwick of Guernsey.

Isle of Man

The Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Notes cannot be marketed, offered or sold in, or to persons resident in, the Isle of Man, other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 and the Regulated Activities Order 2011 or any exemption therefrom.

General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes Base Prospectus, any other offering material or any Final Terms therefor in all cases at its own expense.

PART XIII: ADDITIONAL INFORMATION

Listing and admission to trading of the Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List of the FCA and to trading on the London Stock Exchange's regulated market through its order book for fixed income securities will be admitted separately as and when issued, subject only to the issue of a Global Note or one or more Certificates in respect of each Tranche. The listing of the Programme in respect of Notes issued under the Programme for the period of 12 months from the date of Base Prospectus is expected to be granted on or about 18 July 2019, although there can be no assurance that the application for listing will be accepted. Prior to official listing and admission to trading of such Notes, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange's regulated market will normally be effected for delivery on the third working day after the day of the transaction.

The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended, (" **MiFID II** "). MiFID II governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors.

Authorisations

Urban Exposure Finance Plc (the "**Issuer**") and Urban Exposure Plc (the "**Guarantor**") have obtained all necessary consents, approvals and authorisations in connection with the update of the Programme. The establishment of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer and the Board of Directors of the Guarantor each dated 11 July 2019.

Significant or material change statement

There has been no significant change in the financial or trading position of the Guarantor or the Guarantor and its consolidated subsidiaries (including the Issuer) taken as a whole (the "**Group**") since 31 December 2018 (being the date to which the last published audited financial information of the Guarantor was prepared, no unaudited interim financial information on the Guarantor having been prepared subsequently as at the date of this Base Prospectus). There has been no material adverse change in the prospects of the Guarantor since 31 December 2018 (being the date to which the last published audited financial information of the Guarantor was prepared).

There has been no significant change in the financial or trading position of the Issuer since the date of its incorporation. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

Litigation statement

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 month period preceding the date of Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer, the Guarantor and/or the Group's financial position or profitability.

Bearer Notes having a maturity of more than one year

Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Clearing systems information and Note security codes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Interests in the Notes may also be held through CREST

through the issuance of CDIs representing the Underlying Notes. The appropriate Common Code and International Securities Identification Number ("ISIN") for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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 SA, 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB. The address of any alternative clearing system will be specified in the applicable Final Terms.

Documents available for inspection

For the period of 12 months following the date of Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer:

- (a) the articles of association of the Issuer and the Guarantor;
- (b) the documents incorporated by reference;
- (c) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Global Certificates, the Certificates, the Coupons and the Talons), the Security Deed and the Agency Agreement;
- (d) Base Prospectus; and
- (e) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that any Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to Base Prospectus and any other documents incorporated herein or therein by reference.

Auditors

The financial statements of the Guarantor for the financial year ended 31 December 2018 have been audited without qualification by BDO LLP, Chartered Accountants and a member firm of The Institute of Chartered Accountants in England and Wales, of 55 Baker Street, London W1U 7EU.

Third Party Information

Where information appearing in this Base Prospectus has been sourced from third parties, the information has been accurately reproduced and, as far as the Issuer and the Guarantor are aware and able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Base Prospectus, the source of such information has been identified.

Prospectus Directive exempt Notes

The Issuer does not intend to issue any Notes under Base Prospectus which fall within an exemption from the requirement to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended or superseded).

PART XIV: IMPORTANT LEGAL INFORMATION

If, in the context of a Public Offer (as defined below), you are offered Notes by any entity, you should check that such entity is authorised to use this document for the purposes of making such offer before agreeing to purchase any Notes. To be authorised to use this document in connection with a Public Offer (referred to below as an "**Authorised Offeror**"), an entity must either be:

- named as an "Initial Authorised Offeror" in the applicable Final Terms; or
- named on the website of Urban Exposure Plc (the "**Guarantor**") (on behalf of Urban Exposure Finance Plc (the "**Issuer**")) available at www.urbanexposureplc.com/bonds as an Authorised Offeror in respect of the relevant Public Offer (if the entity has been appointed after the applicable Final Terms were published); or
- if "Basis of Consent" in paragraph 7(ix)(b) of Part B of the applicable Final Terms specifies "General Consent" as being applicable, authorised to make such offers under Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended, ("**MiFID II**") and have published on its website that it is using this document for the purposes of such Public Offer in accordance with the consent of the Issuer and the Guarantor.

Valid offers of Notes may only be made by an Authorised Offeror in the context of a Public Offer if the offer is made in the United Kingdom and within the time period referred to in the Final Terms as the "Offer Period". Other than as set out above, neither the Issuer, the Guarantor nor any Dealer has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this document in connection with any offer of Notes.

Please see below for certain important legal information relating to Public Offers.

Public Offers

This Base Prospectus has been prepared on a basis that permits "**Public Offers**" (in this context meaning an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) that is not within an exemption from the requirement to publish a prospectus under Article 3.2 of Directive 2003/71/EC (as amended or superseded) (the "**Prospectus Directive**")) in the United Kingdom. Any person making or intending to make a Public Offer of Notes on the basis of this Base Prospectus as completed by the relevant Final Terms must do so only with the consent of the Issuer and the Subsidiary Guarantors. See "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" below.

At any time during the period of 12 months following the date of this document, the Issuer may request that the FCA notifies the competent authority of any other Member State which has implemented the Prospectus Directive that this document has been drawn up in accordance with the Prospectus Directive pursuant to the procedures set out in Articles 17 and 18 thereof (each such Member State, a "**Host Member State**"). Upon any such request, the Issuer shall prepare and publish a supplement to this document identifying any Host Member States so notified, and references herein to the Public Offer Jurisdiction (as defined below) shall thereupon include any such Host Member States.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In addition, in the context of any Public Offer of the Notes in the United Kingdom, the Issuer and the Guarantor accept responsibility, in the United Kingdom, for the content of this document under Section 90 of the Financial Services and Markets Act 2000 ("**FSMA**") with respect to subsequent resale or final placement of Notes by any financial intermediary to whom each of the Issuer and the Guarantor has given its consent to use this document where the offer is made in compliance with all conditions attached to the giving of such consent. Such consent and the attached conditions are described below.

Except in the circumstances described below, neither the Issuer, the Guarantor nor any Dealer has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this document in connection with any offer of Notes.

If, in the context of a Public Offer, you are offered Notes by a person which is not an Authorised Offeror, you should check with such person whether anyone is responsible for this Base Prospectus for the purpose of Section 90 of FSMA in the context of such Public Offer and, if so, who that person is. If you are in any doubt about whether you can rely on this Base Prospectus and/or who is responsible for its contents, you should take legal advice.

The conditions attached to the consent are that:

- (a) the Public Offer is only made in the United Kingdom (the "**Public Offer Jurisdiction**");
- (b) the Public Offer is only made during the offer period specified in the Final Terms (the "**Offer Period**");
- (c) the Public Offer is made by an entity (any such entity, an "**Authorised Offeror**") which either:
 - (i) is expressly named as an Initial Authorised Offeror in the Final Terms; or
 - (ii) is a financial intermediary appointed after the date of publication of the applicable Final Terms whose name and address are published on the Issuer's website www.urbanexposureplc.com/bonds and identified as an Authorised Offeror in respect of the relevant Public Offer; or
 - (iii) if "Basis of Consent" in paragraph 8(ix)(b) of Part B of the applicable Final Terms is specified as, or includes, "General Consent", is a financial intermediary which is authorised to make such offers under MiFID II (in which regard, investors should consult the register maintained by the FCA at www.fca.gov.uk/register/home.do) (MiFID II governs the organisation and conduct of the business of investment firms and the operation of regulated markets across the European Economic Area in order to seek to promote cross-border business, market transparency and the protection of investors) and which accepts the offer to grant consent to the use of this document by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the "**Acceptance Statement**"):

"We, [insert legal name of financial intermediary], refer to the offer of [insert details of the relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by Urban Exposure Finance Plc (the "Issuer") and Urban Exposure Plc (the "Guarantor"). In consideration of the Issuer and the Guarantor offering to grant their consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in [specify Member State(s), as identified in the applicable Final Terms] during the Offer Period specified in the Final Terms and subject to the other conditions to such consent, each as specified in the Base Prospectus, we hereby accept such offer by the Issuer and the Guarantor in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus in connection with the offer of the Notes accordingly."

The "**Authorised Offeror Terms**", being the terms to which the relevant financial intermediary agrees in connection with the use of this document, are that the relevant financial intermediary:

- (A) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the Guarantor and the relevant Dealer(s) that it will, at all times in connection with the relevant Public Offer:
 - (1) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), including the Rules published by the FCA (including, but not limited to, its guidance for distributors in, "The Responsibilities of Providers and Distributors for the Fair Treatment of Customers" and its sourcebook for "Product Intervention and Product Governance") from time to time including, without limitation and in each case, Rules relating to both the target market for the Notes and appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential investor or relevant manufacturer;

- (2) comply with the restrictions set out under Part XII (*Subscription and Sale*) of this document which would apply as if the relevant financial intermediary were a Dealer;
- (3) acknowledge the target market and distribution channels identified under the MiFID II Product Governance Legend set out in the applicable final terms;
- (4) ensure that any fee, commissions or benefits of any kind or rebates received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to investors or potential investors;
- (5) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules, including authorisation under the FSMA and/or the Financial Services Act 2012;
- (6) comply with applicable anti-money laundering, anti-bribery, prevention of corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential investor prior to initial investment in any Notes by the investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application monies;
- (7) retain investor identification records for at least the minimum period required under the applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the relevant Dealer(s) and/or the Issuer and/or the Guarantor or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Guarantor and/or the relevant Dealer(s) in order to enable the Issuer and/or the Guarantor and/or the relevant Dealer(s) to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applicable to them;
- (8) ensure that it does not, directly or indirectly, cause the Issuer, the Guarantor or the relevant Dealer(s) to breach any Rule or subject the Issuer the Guarantor or the relevant Dealer(s) to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
- (9) immediately give notice to the Issuer, the Guarantor and the relevant Dealer(s) if at any time it becomes aware or suspects that it is or may be in violation of any Rules or these Authorised Offeror Terms, and take all appropriate steps to remedy such violation and comply with such Rules and these Authorised Offeror Terms in all respects;
- (10) comply with the conditions to the consent referred to in paragraphs (a), (b) and (c) above and any further requirements or other Authorised Offeror Terms relevant to the Public Offer as specified in the applicable Final Terms;
- (11) make available to each potential investor in the Notes this document (as supplemented as at the relevant time, if applicable), the applicable Final Terms, any applicable key information document and any applicable information booklet provided by the Issuer and the Guarantor for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this document and the applicable Final Terms;
- (12) if it conveys or publishes any communication (other than this document or any other materials provided to such financial intermediary by or on behalf of the Issuer and the Guarantor for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer and the Guarantor, that such financial intermediary is solely responsible for such communication and that the Issuer, the Guarantor and the relevant Dealer(s) do not accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer, the Guarantor or the relevant Dealer(s) (as applicable), use the legal or publicity names of the Issuer, the Guarantor or the relevant Dealer(s) or any other name, brand or logo registered

by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer and the Guarantor as guarantor of the relevant Notes on the basis set out in this document;

- (13) ensure that no holder of Notes or potential investor in Notes shall become an indirect or direct client of the Issuer, the Guarantor or the relevant Dealer(s) for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (14) co-operate with the Issuer, the Guarantor and the relevant Dealer(s) in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (7) above) upon written request from the Issuer, the Guarantor or the relevant Dealer(s) as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer, the Guarantor or the relevant Dealer(s):
 - (i) in connection with any request or investigation by the FCA or any other regulator in relation to the Notes, the Issuer, the Guarantor or the relevant Dealer(s); and/or
 - (ii) in connection with any complaints received by the Issuer and/or the Guarantor and/or the relevant Dealer(s) relating to the Issuer and/or the Guarantor and/or the relevant Dealer(s) or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of competent jurisdiction from time to time; and/or
 - (iii) which the Issuer, the Guarantor or the relevant Dealer(s) may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer, the Guarantor or the relevant Dealer(s) fully to comply with its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

- (15) during the period of the initial offering of the Notes: (i) only sell the Notes at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer(s)); (ii) only sell the Notes for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub- distributors (unless otherwise agreed with the relevant Dealer(s)); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer(s)); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer(s); and
 - (16) either (i) obtain from each potential investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;
- (B) agrees and undertakes to indemnify each of the Issuer, the Guarantor and the relevant Dealer(s) (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised

representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer, the Guarantor or the relevant Dealer(s); and

(C) agrees and accepts that:

- (1) the contract between the Issuer, the Guarantor and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's and the Guarantor's offer to use this document and the applicable Final Terms with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;
- (2) subject to (4) below, the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and accordingly submits to the exclusive jurisdiction of the English courts;
- (3) for the purposes of (1) and (2), the financial intermediary waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute;
- (4) to the extent allowed by law, the Issuer, the Guarantor and each relevant Dealer(s) may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and
- (5) each relevant Dealer(s) will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The applicable Final Terms may specify other conditions to which the consent is subject.

Any Authorised Offeror who wishes to use this document in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this document for such Public Offer in accordance with the consent of the Issuer, the Guarantor and the conditions attached thereto (in the form of the Acceptance Statement).

Other than as set out above, neither the Issuer, the Guarantor nor the Dealers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this document in connection with any offer of Notes. Any such offers are not made on behalf of the Issuer, the Guarantor or by the Dealers or other Authorised Offerors and none of the Issuer, the Guarantor, the Dealers or other Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

Arrangements between you and the financial intermediaries who will distribute any Notes issued under the Programme

An investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements (the "**Terms and Conditions of the Public Offer**"). Neither the Issuer nor the Guarantor will be a party to any such arrangements in connection with the offer or sale of any Notes and, accordingly, this document does not contain such information.

In the event of any Public Offer being made by an Authorised Offeror, the Authorised Offeror will provide information to investors on the Terms and Conditions of the Public Offer at the time the Public Offer is made.

None of the Issuer, the Guarantor or any of the Dealers has any responsibility for any of the actions of any Authorised Offeror (except for a Dealer, where it is acting in the capacity of a financial intermediary),

including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

If you intend to acquire or do acquire any Notes from an Authorised Offeror, you will do so, and offers and sales of the Notes to you by such an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and you including as to price, allocations and settlement arrangements. Neither the Issuer, nor the Guarantor will be a party to any such arrangements with you in connection with the offer or sale of the Notes and, accordingly, this document does not, and any Final Terms will not, contain such information. The information relating to the procedure for making applications will be provided by the relevant Authorised Offeror to you at the relevant time. None of the Issuer, the Guarantor, the Dealers or other Authorised Offerors has any responsibility or liability for such information.

Notice to investors

Notes issued under the Programme may not be a suitable investment for all investors. You must determine the suitability of any investment in light of your own circumstances. In particular, you may wish to consider, either on your own or with the help of your financial and other professional advisers, whether you:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this document (and any applicable supplement to this document);
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on your overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency which you usually use;
- (d) understand thoroughly the terms of the Notes and are familiar with the behaviour of any relevant indices and financial markets; and
- (e) are able to evaluate (either alone or with the help of your financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

No person is or has been authorised by the Issuer, the Guarantor, the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this document and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Dealers or the Trustee.

Neither the publication of this document nor the offering, sale or delivery of the Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date of this document or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date of this document or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Dealers nor the Trustee undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

Neither this document nor any other information supplied in connection with the offering of the Notes should be considered as a recommendation by the Issuer, the Guarantor, the Dealers or the Trustee that any recipient of this document or any other information supplied in connection with the offering of the Notes should purchase any Notes. You should determine for yourself the relevance of the information contained in this document and any purchase of Notes should be based upon such investigation as you deem necessary.

The Dealers, the Trustee, the Security Trustee and the agents

To the fullest extent permitted by law, none of the Trustee, the Security Trustee, any Paying Agent, any Transfer Agent, the Registrar, any Calculation Agent or any Dealer accepts any responsibility for the contents of this document or for any other statement, made or purported to be made by it or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes. Each of the Trustee, the Security Trustee, each Paying Agent, each Transfer Agent, the Registrar, each Calculation Agent and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

No incorporation of websites

The contents of the website of Urban Exposure Plc do not form part of this document, and you should not rely on them.

Stabilisation

In connection with the issue of any Tranche of Notes (as defined in "*Terms and Conditions of the Notes*"), one or more relevant Dealer or Dealers (the "**Stabilising Manager(s)**") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) 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 is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) or person(s) acting on behalf of any Stabilising Manager(s) in accordance with all applicable laws and rules.

Forward-looking statements

This document includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Issuer, the Guarantor and the Guarantor and its subsidiaries, taken as a whole concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. These and other factors are discussed in more detail under Part II (*Risk Factors*) and Part VI (*Business of the Guarantor and the Group*) and Part VII (*Business of the Issuer*) of this document. Many of these factors are beyond the control of the Issuer, the Guarantor and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this document as anticipated, believed, estimated or expected. Except to the extent required by laws and regulations, the Issuer and the Guarantor do not intend, and do not assume any obligation, to update any forward-looking statements set out in this document.

English law as of the date of this document

This document is based on English law in effect as of the date of issue of this document. Except to the extent required by laws and regulations, the Issuer and the Guarantor do not intend, and do not assume any obligation, to update this document in light of the impact of any judicial decision or change to English law or administrative practice after the date of this document.

APPENDIX: AUDITED FINANCIAL INFORMATION OF THE GUARANTOR

Independent auditor's report to the members of Urban Exposure Plc

Opinion

We have audited the financial statements of Urban Exposure Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the Period from 10 April 2018 to 31 December 2018 which comprise consolidated statement of comprehensive income, consolidated and Company statement of financial position, consolidated and Company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard in the United Kingdom and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current Period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Urban Exposure Plc continued

Key audit matter	How the matter was addressed in our audit
<p>Valuation of loans (note 4 and 18)</p> <p>Loans receivable represent the largest element of the Group's net assets. As explained in note 4, these financial assets are measured at fair value through profit and loss, and the determination of fair value involves significant judgment and estimation.</p> <p>There is a risk that the carrying value is misstated if either the classification of the assets is inappropriate (based on the business model under which they are held), or the inputs and assumptions underlying the valuation calculation, such as borrower credit assessment, are inappropriate.</p> <p>As income principally comprises movements in the fair value of the loan receivables, there is risk that income will also be misstated.</p>	<p>We obtained the loan agreements and credit assessment documentation for each loan advanced.</p> <p>We agreed drawdowns paid prior to the year end to bank statements. We also obtained direct confirmation from borrowers of the loan principal and accrued interest outstanding at 31 December 2018.</p> <p>We discussed the status of each loan with the Urban Exposure credit team, including consideration of any changes in the credit assessment of each borrower. We also reviewed the reasonableness of management's cash flow forecasts for each loan based on the loan documentation and supporting project appraisals.</p> <p>We also discussed with management the business model for the loans and considered the appropriateness of the held to sell classification and resultant measurement at fair value through profit and loss.</p> <p>We obtained management's fair value calculations and considered the appropriateness of the methodology applied and assumptions used. Valuation inputs have been agreed to supporting documentation including the underlying loan agreements and we have performed our own fair valuation calculations to help assess the reasonableness of the Company's own calculations.</p>
<p>De-recognition of loans and investments in related structures (note 4 and 16)</p> <p>As explained in Note 2, the Group's transaction strategy is to use its balance sheet as a temporary warehouse for loans that are executed, before moving them into an asset management structure.</p> <p>During the Period to 31 December 2018, the Group has entered into a partnership agreement with Kohlberg Kravis Roberts ('KKR') in which the Group has a 9.1% interest, and loans have been transferred into this vehicle. The Group has also syndicated two loans with another lender prior to the year end.</p> <p>There is a risk that the accounting treatment adopted in respect of the transfer or syndication of loans and the classification and measurement of the Group's remaining interests is not appropriate.</p>	<p>We reviewed management's assessment of the nature of the investment in, and the de-recognition of loans on transfer into, the KKR partnership. We also considered the carrying value of this interest at 31 December 2018. Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> • we inspected the limited partnership agreement which details the rights and responsibilities of each party; • we considered the appropriateness of the methodology and assumptions management applied in valuing the investment at 31 December 2018; • we agreed the valuation inputs to supporting documentation. <p>We also reviewed management's assessment of whether the syndicated loans meet the criteria for de-recognition under IFRS 9. This included inspection of the syndication agreements.</p>

Key audit matter

Acquisition accounting and carrying value of intangible assets including goodwill (notes 14 and 27)

As described in note 27, the Group acquired an asset management business which has been accounted for as a business combination under IFRS.

There is a risk that judgments made by management in allocating the purchase price of this acquisition to goodwill and acquired assets and liabilities are not appropriate. This includes judgments around the identification of acquired intangible assets, and in the fair valuation of all acquired assets and liabilities, including the use of key assumptions such as growth rates and discount rates.

In addition, at each reporting date the Group is required to consider any indication of impairment to the carrying value of its intangible assets and goodwill. The assessment is based on expected future cash flows.

There is a risk that management may unduly influence the significant judgments and estimates in respect of the requirement for an impairment provision.

How the matter was addressed in our audit

We reviewed the sale and purchase agreements and agreed the terms of those agreements in respect of the consideration, assets acquired and other key terms.

We considered and challenged management's allocation of the purchase consideration between goodwill and other identifiable assets and liabilities, agreeing amounts to supporting documentation where appropriate. This included consideration of the appropriateness of the valuation methodologies used by management to value the receivables and brand, and benchmarking key assumptions including applied discount rates against market comparables in respect of the brand, sensitising relevant forecasts and testing the mechanical accuracy of the underlying calculations. We used valuation specialists to assist our work in this area.

We also assessed management's period-end impairment review process and performed analysis to challenge management's assumptions. Our audit work included, but was not restricted to, the following:

- we reviewed management's assessment of forecasted cash flows and considered the forecasts in the light of results achieved during the period. to 31 December 2018;
- we obtained evidence, including market-based evidence, to support the growth and discount rates used by management and assessed those for reasonableness.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in the evaluation of the effect of misstatements on the audit and in forming our audit opinion. Materiality is assessed on both quantitative and qualitative grounds.

Materiality	£250,000
Performance materiality	£125,000
Reporting threshold	£5,000

Materiality

The magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We determined materiality for the Group financial statements as a whole to be £250,000. This provides a basis for determining the nature and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement, and determining the nature and extent of further audit procedures.

With this being the Group's first audited reporting Period, and it being a short accounting Period, we have used a materiality level based on the results for the Period with consideration of the Group's asset base.

The principal activity of the Parent Company is that of a holding company. We set materiality for the Parent Company based on 90% of Group materiality, being £225,000.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality for the Group should be 50% of materiality, namely £125,000.

Performance materiality for the Parent Company was also set at 50% of materiality, being £112,500.

Reporting threshold

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £5,000 as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

We agreed that the reporting threshold for the Parent Company would be £4,500.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

Independent auditor's report to the members of Urban Exposure Plc continued

An overview of the scope of our audit

Our audit of the Group was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, applicable legal and regulatory frameworks and the industry in which it operates, and assessing the risks of material misstatement at the Group and Parent Company level. This included consideration of the risk that the Group was acting contrary to applicable laws and regulations, including fraud.

The Group operates solely in the United Kingdom and operates through one segment, underwriting and managing loans, structured through three operating subsidiary companies. Our audit approach was completed on the Group as a single component. The Group audit team performed all the work necessary to issue the Group and Parent Company audit opinions, including undertaking all of the audit work on the key audit matters.

We undertook audit procedures to respond to the risk of non-compliance with laws and regulations, focussing on those that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to, the Companies Act 2006 and the AIM Rules of the London Stock Exchange for companies trading securities on AIM. We made enquiries of management to obtain further understanding of the risks of non-compliance. There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We addressed the risk of management override of internal controls, by undertaking procedures to review journal entries processed during and subsequent to the year end and evaluating whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We consider that the audit procedures we planned and performed in accordance with ISAs (UK) have provided us with reasonable assurance that irregularities, including fraud, would have been detected to the extent that they could have resulted in material misstatements in the financial statements. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the Period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 47, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Geraint Jones (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

2 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the Period from 10 April 2018 to 31 December 2018

	Note	Before exceptional items £'000	Exceptional items £'000	Total £'000
Income	5	3,903		3,903
Operating costs	7,9	(5,011)	(869)	(5,880)
Operating loss	6	(1,108)	(869)	(1,977)
Finance costs	10			(12)
Loss before taxation for the Period				(1,989)
Taxation	11			273
Loss after taxation for the Period and total comprehensive income				(1,716)
Earnings per share				
Basic EPS	12			(1.18p)
Diluted EPS	12			(1.18p)

All activities derive from the continuing operations of the Group.

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

Consolidated statement of financial position

as at 31 December 2018

Non-current assets	Note	£'000
Intangible assets	14	12,420
Tangible assets	15	4,276
Investments	16	1,949
Total non-current assets		18,645
Current assets		
Loan receivables	18	89,544
Trade and other receivables	19	3,947
Cash and cash equivalents	20	46,806
Total current assets		140,297
Total assets		158,942
Current liabilities		
Trade and other payables	21	3,217
Lease liabilities	22	229
Dividends payable	13	1,316
Total current liabilities		4,762
Total assets less current liabilities		154,180
Non-current liabilities		
Lease liabilities	22	3,576
Deferred tax	23	83
Total non-current liabilities		3,659
Net assets		150,521
Equity and reserves		
Share capital	24	1,700
Share premium	25	–
Retained earnings		148,821
Total equity and reserves		150,521

There are no comparatives as the Company was incorporated on 10 April 2018.

The Company Registration Number is 11302859.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 2 April 2019 and were signed on its behalf by:

Randeesh Sandhu

Chief Executive Officer

Consolidated statement of changes in equity

for the Period from 10 April 2018 to 31 December 2018

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 10 April 2018		–	–	–	–
Loss for the Period		–	–	(1,716)	(1,716)
Share-based payments	26	–	–	480	480
Dividends payable	13	–	–	(1,316)	(1,316)
Issue of share capital	24	1,700	163,300	–	165,000
IPO costs related to equity issue	25	–	(6,722)	–	(6,722)
Capital reduction	25	–	(156,578)	156,578	–
Share buyback	24	–	–	(5,205)	(5,205)
Balance at 31 December 2018		1,700	–	148,821	150,521

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

Consolidated cash flow statement

for the Period from 10 April 2018 to 31 December 2018

	Note	£'000
Cash flows from operating activities		
Loss for the Period after taxation		(1,716)
Adjustments for non-cash items:		
Amortisation of intangible assets	6	122
Share-based payments	7	480
Finance costs	10	12
Deferred tax credit for Period	11	(273)
		(1,375)
Changes in working capital		
Increase in payables		2,160
Increase in trade investments	16	(1,949)
Increase in receivables		(89,693)
Net cash outflow from operating activities		(90,857)
Cash flows from investing activities		
Payments for purchase of tangible assets	15	(410)
Net cash outflow from investing activities		(410)
Cash flows from financing activities		
Proceeds from the issue of share capital	24	150,000
Share issue expenses	25	(6,722)
Share buyback		(5,205)
Dividends paid		-
Net cash inflow from financing activities		138,073
Net increase in cash and cash equivalents		46,806
Cash and cash equivalents brought forward		-
Cash and cash equivalents at 31 December 2018	20	46,806

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

Notes to the consolidated financial statements

for the Period from 10 April 2018 to 31 December 2018

1. General information and basis of preparation

General information

Urban Exposure 1 Plc was incorporated on 10 April 2018 as a public limited Company in England and Wales with Company registration number 11302859. The Company changed its name to Urban Exposure Plc on 27 April 2018 and its Ordinary Shares were admitted to trading on the Alternative Investment Market ('AIM'), operated by the London Stock Exchange, on 9 May 2018.

The registered office of the Company is 6 Duke Street, St. James's, London SW1Y 6BN. The Group's principal activity is the underwriting and management of loans to UK residential developers.

Period of account

The Consolidated Financial Statements of the Group are in respect of the reporting Period ('the Period') from 10 April 2018 to 31 December 2018.

Basis of preparation

The Consolidated Financial Statements of the Group for the Period comprise the results of Urban Exposure Plc (the 'Company') and its subsidiaries (together, the 'Group'). These Financial Statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union and in compliance with the Companies Act 2006.

The Financial Statements have been prepared on the historical cost basis, except for the trade investments and loan receivables held at fair value at the end of each reporting period, as explained in the accounting policies and in note 3. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The functional and presentational currency of the Group is Sterling.

The Company has applied the exemption allowed under Section 408(1b) of the Companies Act 2006 and has therefore not presented its own Statement of Comprehensive Income in these Financial Statements. The Group loss for the year includes a loss after taxation of £82,000 for the Company.

Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Board is, therefore, of the opinion that the going concern basis of accounting adopted in the preparation of the Annual Report is appropriate for at least 12 months from the date of approval of the Annual Report.

The Directors have made this assessment after reviewing the Group's latest forecasts for a period of 12 months from the reporting date.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 32. This includes, on pages 21 to 24, the Finance Review detailing the financial position of the Group, its cash flows and liquidity position. In addition, note 4 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of financial instruments, and its exposure to credit risk and liquidity risk.

New standards, interpretations and amendments effective from the beginning of the Period

New standards impacting the Group which have been adopted in the Financial Statements for the Period ended 31 December 2018 are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases

IFRS 9 Financial instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduces new requirements for:

1. The classification and measurement of financial assets and liabilities
2. The impairment of financial assets, and
3. General hedge accounting.

1. General information and basis of preparation continued

IFRS 9 Financial instruments continued

As this is the first Period since incorporation, the standard has been applied from the beginning of the Period.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- For trade investments and loan receivables, the Group has reviewed the business model within which each financial asset is managed and concluded that all the loans from primary operating activities and equity investments should be measured at the Fair Value Through Profit and Loss ('FVTPL'). At initial recognition, the Group measures trade investments and loan receivables at fair value and any transaction costs are expensed to the income statement. Following initial recognition, these financial assets are subsequently valued at fair value on a recurring basis, with gains or losses arising from changes in fair value recognised through finance income in the income statement.
- Contract assets are those assets held to collect contractual cash flows. The contract assets which were acquired as part of the business combination are originated credit-impaired assets. These assets are monitored for changes in credit risk, and impairment provisions are adjusted accordingly.
- Financial liabilities being trade payables and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

IFRS 15 Revenue from contracts with customers

In the current period, the Group has applied IFRS 15 Revenue from contracts with customers (as amended in April 2016) which is effective from 1 January 2018. IFRS 15 introduces a five-step approach to revenue recognition. Prescriptive guidance has been added to IFRS 15 to deal with specific scenarios.

IFRS 15 uses the term 'contract assets' and 'contract liabilities' to describe what might commonly be known as 'accrued income' and 'deferred income'. The Group has adopted the terminology used in IFRS 15 to describe such balances. The term 'income' is in respect of management fees, performance fees and movement in contract assets.

The Group's accounting policies for its income streams are disclosed in detail in note 2.

IFRS 16 Leases

In addition, the Group has early adopted IFRS 16 and has included the right-of-use assets and lease liabilities in accordance with IFRS 16 from the beginning of the Period.

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all the economic benefits from the use of an identifiable asset; and
- the right to direct the use of the asset.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective for future accounting periods that the Group has decided not to adopt early. The most significant of these is:

- IFRIC Uncertainty over Income Tax positions (effective 1 January 2019).

It is expected that this will not have a material effect.

2. Significant accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) as at 31 December 2018. Subsidiaries are all entities over which the Company has control. The Company controls an investee when:

- it has power over the investee;
- is exposed, or has rights to variable returns from, its involvement with the investee; and
- has the ability to affect those returns through its power over the investee.

Notes to the consolidated financial statements continued

2. Significant accounting policies continued

Basis of consolidation continued

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as stated above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the ability to direct the relevant activities of the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group and the equity interest issued by the Group in exchange for control of the business or assets and liabilities. Acquisition-related costs are recognised in the income statement as incurred.

The identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date.

Goodwill is measured as the excess of the fair value of the consideration transferred over the fair value of the acquired assets less liabilities assumed at the acquisition date. If the fair value of the net assets acquired exceeds the fair value of the consideration transferred by the Group, this excess is recognised immediately in the income statement as a bargain investment gain.

Income recognition

The majority of the Group's revenue arises from movements in the fair value of loans receivable and trade investments which are held at fair value through profit and loss.

Asset management fees received from third parties for managing loan facilities are recognised in the income statement when the related service has been performed.

The Group receives carried interest from the third party loans it manages once those loans exceed a performance target. The recognition of variable consideration arising in relation to carried interest has been constrained in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the final carried interest is calculated.

Where there is a significant financing component included in the transaction price (for example where fees are payable at the termination of a loan for services provided at inception or during the term of the loan), the revenue recognised is calculated by discounting the future cash flows at the interest rate implicit in the loan.

Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group has become a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the income statement are recognised immediately in the income statement.

2. Significant accounting policies continued

Financial assets

Under IFRS 9, the Group is required to classify and measure financial assets according to the business model within which they are managed and the contractual terms of the cash flows. Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. The Group has determined that contract assets, trade and other receivables, and cash and cash equivalents are financial assets which are measured at amortised cost.

Financial assets are measured at Fair Value Through Other Comprehensive Income ('FVTOCI') if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest. Other financial assets are measured at FVTPL.

The Group has reviewed the business model within which each financial asset is managed and concluded that loan receivables from primary operating activities should be measured at the FVTPL. The Group has also determined that certain trade investments meet the criteria for IFRS 9 and should be measured at FVTPL. For assets measured at FVTPL, at initial recognition, the Group measures the financial asset at its fair value and any transaction costs are expensed to the income statement. Following initial recognition, assets are subsequently valued at fair value on a recurring basis with gains or losses arising from changes in fair value recognised in the income statement.

Contract assets

Contract assets are purchased or originated credit-impaired financial assets. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. These assets are subsequently monitored for changes in credit risk, and impairment provisions are adjusted accordingly.

De-recognition of financial assets

A financial asset is derecognised when either the contractual rights to the cash flows expire, or the asset is transferred. The Group holds loan receivables until a suitable institutional capital provider gains control, and assumes the risks and rewards of the loan receivable. At that point, the transfer is recorded at the transfer value. This proportion of the loan qualifies for de-recognition. The proportion of the loan which is not transferred will remain as a loan receivable and continue to be valued at fair value.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries or following a business combination is determined as detailed in the business combination accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Group's Cash Generating Units (CGUs) expected to benefit from the synergies of the business combination. The CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that a unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit and recognised as an impairment in the income statement. Once an impairment loss is recognised, it cannot be reversed in a subsequent period.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of that unit.

Other intangible assets

Intangible assets with finite lives are acquired separately at cost less accumulated amortisation and accumulated impairment losses. The Group's intangible assets comprise of the brand name acquired by the Group.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value using the straight-line method over their estimated useful lives, and is recognised as a charge in the income statement. Amortisation methods, useful lives and residual values are reviewed at each reporting date, and are adjusted where appropriate.

Notes to the consolidated financial statements continued

2. Significant accounting policies continued

Other intangible assets continued

The estimated useful economic lives for the intangible assets are as follows:

Brands: 10 years

Leased assets

The Group has applied IFRS 16 Leases.

Leases are recognised when the Group enters into a contractual lease which conveys the right to control the use of identifiable assets for a period of time in exchange for consideration.

Upon lease commencement, a lessee recognises a right-of-use asset. If the right-of-use asset is an investment property, it is valued at fair value. Where the asset is property, plant or equipment, it is valued at the present value of the lease payment within tangible assets and separately identified as a right-of-use tangible asset. Where the lease provides for variable elements, such as a rent review or rate increases linked to a specific index, the lease payments are initially measured at current rates. When the rate varies, this is a re-measuring event and the lease asset and liability is re-measured and treated as an adjustment to the right-of-use asset and lease liability.

The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted at the rate implicit in the lease if this can be readily determined. Where this cannot be readily determined, the Group's incremental borrowing rate is estimated and used to arrive at the present value of the lease payments. When a re-measurement event occurs, the lease liability is re-measured at this time.

The Group has elected not to apply IFRS 16 to leases with a lease term of less than 12 months or where the underlying asset has a low value when new. In such circumstances, the lease payments are expensed to the income statement as incurred and disclosed in the operating profit note.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition. The carrying value of these assets approximates their fair value.

Employee benefits

Share-based payments

The Group issues compensation to its employees under equity-settled share-based Long Term Incentive Plans ('LTIP'). The fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity and spread over the vesting period of the plan on a straight-line basis. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date, and is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the income statement with a corresponding adjustment to equity over the remaining vesting period.

Market vesting conditions are factored into the fair value of the options granted. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Equity

For the purpose of preparing the consolidated Financial Statements of the Group, the share capital represents the nominal value of the issued share capital of Urban Exposure Plc.

Treasury Shares

Where the Company purchases its own share capital (Treasury Shares), the consideration paid is set off against share premium. Where the share premium is nil, consideration above the nominal value of shares is debited against retained earnings. The proceeds from the sale of own shares held increase equity. Neither the purchase, cancellation nor sale of own shares leads to a gain or loss being recognised in the income statement.

2. Significant accounting policies continued

Dividend and capital distributions

Dividend and capital distributions to the shareholders are recognised in the Group's Financial Statements in the period in which they are declared and appropriately approved. Once approved, dividends are recognised as a liability and as a deduction from equity.

Taxation

Tax expense comprises current and deferred tax.

Current tax

Current Income Tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

Deferred tax

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the Period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Earnings per share

Basic earnings per share are calculated by dividing profit after tax attributable to equity shareholders of the parent Company by the weighted average number of Ordinary Shares in issue during the period.

Diluted earnings per share requires that the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. These arise from awards made under share-based incentive schemes. Share awards with performance conditions attaching to them are not considered to be dilutive if the share price on their exercise is above market price.

Provisions and contingencies

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made at the date of the Statement of Financial Position.

A contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability. A contingent liability is disclosed but not recognised.

IPO expenses

Qualifying costs attributable to the primary issuance of shares are debited directly to equity. They include incremental costs that are directly attributable to issuing the primary shares, such as advisory and underwriting fees.

All other non-qualifying costs are taken to the Statement of Comprehensive Income.

Tangible assets

Leasehold assets, furniture, fixtures and fittings, and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset, on a straight-line basis over its expected useful life as follows:

Right-of-use assets are depreciated over their expected useful life based on the relevant lease term. Where a break clause is contained within the lease, an assessment is made as to whether this is likely to be exercised or not and the lease is depreciated based on the expected lease term.

Notes to the consolidated financial statements continued

2. Significant accounting policies continued

Tangible assets continued

The useful lives and depreciation rates applicable are as follows:

- Right-of-use leasehold 10 years
- Fixtures and fittings 10 years
- Furniture and office equipment 5 years
- Computer equipment 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year, otherwise they are classified as non-current liabilities.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Segmental reporting

Under IFRS 8, operating segments are required to be determined based upon the Group's internal organisation and management structure and the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. In the case of the Group, the CODM is considered to be the Executive Committee.

The Executive Committee reviews the activities of the Group as a single operating segment.

The Group operates only in the United Kingdom and, as a result, no geographical segments are reported. The Group does not rely on any individual customer and so no additional customer information is reported.

The Group's Executive Committee is of the opinion that the Group is engaged in a single segment of the business and the operations of the Group are wholly within the United Kingdom.

Events after the balance sheet date

Post year-end events that provide additional information about the Group's position at the balance sheet date and are adjusting events are reflected in the Financial Statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments and estimates

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

(a) Determination of fair values

A number of assets and liabilities included in the Group's Financial Statements require measurement at, and/or disclosure of, fair value. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's-length transaction at the measurement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements, is determined on such a basis, except for share-based payments that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3. Significant accounting judgments, estimates and assumptions continued

(a) Determination of fair values continued

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

The classification of an item into the above levels is based on the lowest level of the inputs that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period in which they occur. Further details of fair values are given in note 4.

(b) Business combinations

The Group identifies whether an acquisition is a business combination or the acquisition of assets and liabilities. The Group will then consider the carrying value of the assets and liabilities acquired in the case of a business combination and will need to assess whether fair value adjustments are required, and determine which factors impact on those valuations. The Group is also required to use judgment in determining the valuation of any non-cash consideration exchanged in the business combination. Details of the business combinations in the Period are included in note 27.

(c) Share-based payments

The Group operates two employee compensation schemes, settled in equity. The fair value of equity-settled share-based payment arrangements requires significant judgment in the determination of the valuation of options, or the assumptions regarding vesting conditions being met, which will affect the expense recognised during the period. These assumptions include the future volatility of the Company's share price, future dividend yield and the rate at which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The fair value attributed to the awards and hence the charge made to the income statement could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 26. The Group uses a professional valuer in the determination of the fair value of options at grant date.

(d) Valuation adjustments

The Credit Committee reviews each financial asset in the Group's portfolio. Assets which are underperforming are assessed for credit valuation adjustments. Typical events include, but are not limited to, non-payment of cash interest, breach of loan covenants, construction cost over-runs or significant reductions in gross development values.

(e) Deferred tax

In determining the quantum of deferred tax balances to be recognised, judgment is required in assessing the extent to which it is probable that future taxable profit will arise in the companies concerned and the timing of transactions.

4. Financial instruments – fair values and risk management

The Group is exposed through its operations to the following financial risks:

- credit risk
- liquidity risk
- market risk

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the effect on the Group's financial performance. Risk management is carried out by the Board of Directors. It identifies, evaluates and mitigates financial risks. The Board provides written policies for credit risk and liquidity risk. These risks are dealt with in detail in Principal Risks & Uncertainties on pages 25 to 28.

Notes to the consolidated financial statements continued

4. Financial instruments – fair values and risk management continued

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Loan receivables
- Investments
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

At 31 December 2018	Note	Carrying amount		
		FVTPL £'000	Amortised cost £'000	Total £'000
Financial assets				
Investments	16	1,949	–	1,949
Loan receivables	18	89,544	–	89,544
Trade and other receivables	19	–	3,862	3,862
Cash and cash equivalents	20	–	46,806	46,806
Total financial assets		91,493	50,668	142,161
Financial liabilities				
Trade and other payables	21	–	3,217	3,217
Total financial liabilities		–	3,217	3,217

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables and trade and other payables. The carrying value of the trade assets and other receivables has been amortised to estimated net recoverable value where there are circumstances indicating that the full value will not be recovered. Due to the short-term nature of cash and cash equivalents and trade and other payables, the Directors consider that their carrying value approximates to their fair value.

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

At 31 December 2018	Fair value			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Investments	–	–	1,949	1,949
Loan receivables	–	–	89,544	89,544
Total financial assets	–	–	91,493	91,493

The valuation techniques and significant unobservable inputs used in determining the fair value measurement at Level 2 and Level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instrument	£'000	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Loan receivables	89,544	Initial transaction costs plus a pro rata share of fees plus accrued interest adjusted for changes in credit risks or market movements.	Profile and timing of loan drawdowns. It is assumed that loan can be syndicated to third parties at fair value.	The earlier the timing of the drawdowns and the higher the value of the drawdowns, the higher the fair value of the loan receivables
Equity investments	1,949	Initial transaction costs subsequently valued at fair value based on projected future earnings discounted at an appropriate discount rate.	Profile and timing of loan drawdowns which determine profile and timing of investment and returns on investment.	The earlier the timing of the drawdowns and the higher the value of the drawdowns, the higher the fair value of the investment.
Total financial assets	91,493			

4. Financial instruments – fair values and risk management continued

(iv) Financial instruments measured at fair value continued

The reconciliation of the opening and closing fair value balance of Level 3 financial instruments is provided below:

Reconciliation of fair value balances – Level 3	Loan receivables £'000	Investments £'000
Balance at 10 April 2018	–	–
New loans advanced/investments during Period	104,823	1,949
Loan repayments	(7,010)	–
Loans sold to asset management structures	(11,488)	–
Fair value through income statement	3,219	–
Transfers out of Level 3	–	–
Balance at 31 December 2018	89,544	1,949

Risk management framework

The Board has overall responsibility for the determination of the Group's risk management framework and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Chief Risk Officer ('CRO'). The Board receives regular updates from the CRO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Executive Committee also reviews the risk management policies and processes, and reports its findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness or flexibility.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Further details regarding the Group's risk management policies are set out below:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit losses if borrowers are unable to repay loans and outstanding interest and fees. The Group has stringent underwriting criteria which include third-party valuations and a full legal documentation pack for each loan written by the Group.

At 31 December 2018, the maximum exposure to credit risk for financial assets by geographic region was as follows:

Analysis by geographic region	Loan receivables £'000	Investments £'000	Trade and other receivables £'000	Cash and cash equivalents £'000	Total £'000
Greater London	1,222	–	2,634	46,806	50,662
East of England	39,121	–	–	–	39,121
Midlands	–	–	582	–	582
South East	21,826	–	295	–	22,121
South West	7,469	–	254	–	7,723
North West	1,419	–	97	–	1,516
Wales	18,487	–	–	–	18,487
Outside of UK	–	1,949	–	–	1,949
	89,544	1,949	3,862	46,806	142,161

Four loan receivables represented £72,330,000 of the loan receivables balance. However, risk is mitigated on all loans as property assets relating to those loans plus other securities and guarantees are provided against all loans.

The cash and cash equivalents balances of £46,806,000 are held with a Regulated Bank given an A-2 rating by Standard & Poor's.

Notes to the consolidated financial statements continued

4. Financial instruments – fair values and risk management continued

(b) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. In order to manage liquidity risk, the Group prepares short-term and medium-term cash flow forecasts. These forecasts are reviewed centrally to ensure the Group has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The maturity analysis of the trade and other payables is given as below:

	0-1 month £'000	1-3 months £'000	3-6 months £'000	Total £'000
Trade and other payables	873	367	1,977	3,217

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the Period, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group does not commit to any loan to a borrower without clearly identifying how the loan will be funded over its life. The Group maintains a minimum level of liquidity to ensure that its projected operational costs are fully funded for 12 months.

(c) Market risk

Market risk is the risk that a change in the Group's bank funding rates will impact its return from lending. It is the risk that the fair value or future cash flows of loans will fluctuate because of changes in interest rates (interest rate risk).

The Group's financial assets and liabilities have interest rates applied as follows:

	Fixed and floating interest rate £'000	Floating interest rate £'000	Non-interest bearing £'000	Total £'000
Financial assets	–	–	–	–
Investments	1,949	–	–	1,949
Loan receivables	89,544	–	–	89,544
Trade and other receivables	–	–	3,862	3,862
Cash and cash equivalents	–	46,806	–	46,806
Total financial assets	91,493	46,806	3,862	142,161
Financial liabilities	–	–	–	–
Trade and other payables	–	–	3,217	3,217
Total financial liabilities	–	–	3,217	3,217

The investments and loan receivables are valued at fair values determined by a number of factors including contractual interest rates applicable to loan receivables which are generally at a fixed % rate above LIBOR, which is variable.

The Group manages interest rate risk by ensuring that all loans are subject to a floor interest rate and move with changes in bank funding costs, or are appropriately hedged.

The following table shows the sensitivity of fair values grouped in Level 3 to changes in interest rates, for a selection of the largest financial assets. It is assumed that the interest rates were changed by 1% whilst all other variables were held constant.

	Value in Financial Statement £'000	+1% change in interest rate £'000	-1% change in interest rate £'000
Loan receivables	89,544	89,709	89,379
Investments	1,949	1,949	1,949
Balance at 31 December 2018	91,493	91,658	91,328

The fair values are subject to interest rate risk where there is a change in the market, including a change in LIBOR and the underlying bank base rate, or a change in the credit rating of the borrower.

4. Financial instruments – fair values and risk management continued

(d) Capital management

The Group monitors capital which comprises all components of equity (i.e. share capital, share premium, treasury capital and retained earnings). The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group's objective is also to provide an adequate return to shareholders by maintaining an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of debt to capital. During the Period, the Group did not have any loans and borrowing, and therefore the debt to capital ratio is 0%. The capital at the Period end is £150,521,000.

5. Income

The Group income for the Period was derived as follows:

	For the Period to 31 December 2018 £'000
Fair value income from loan receivables	3,219
Income from contract assets	679
Management fees	5
Total income	3,903

6. Loss for the Period

The Group operating loss for the Period is stated after charging:

	For the Period to 31 December 2018 £'000
Amortisation of intangible assets	122
Depreciation of right-of-use leasehold	-
Exceptional items note 9	869
Auditor's remuneration comprises:	
Fees payable to the auditor for the Group audit	112
Fees payable to the auditor for the audit of the subsidiaries	17
	129
Fees payable to the auditor and its related entities for other services:	
Audit-related assurance services	61
Tax compliance services	24
Tax advisory services	118
Other services	14
Fees for corporate finance services related to the IPO	210
Fees included within operating costs	556
Fees for corporate finance services related to the IPO charged to share premium	120
Total fees payable to auditor	676

Amounts payable to BDO inclusive of VAT in respect of audit and non-audit services are disclosed in the table above.

Although the right-of-use leasehold asset was acquired on 20 November 2018, it was not in a condition available for use until January 2019 and so it has not been depreciated in the Period.

Notes to the consolidated financial statements continued

7. Operating costs

The Group's operating costs are stated after charging:

	Before exceptional items £'000	Exceptional items total £'000	Total £'000
Staff costs	3,122	–	3,122
Share-based payments	480	–	480
Rent, rates and office costs	115	–	115
Marketing	113	–	113
Audit & accountancy	128	–	128
Legal & professional Fees	332	256	588
IPO costs	–	613	613
Other overheads	721	–	721
	5,011	869	5,880

Exceptional items are detailed in note 9.

8. Employee and key management emoluments

The employee and director costs during the Period were as follows:

	For the Period to 31 December 2018 £'000
Salaries	2,740
Social security costs	374
Contributions to defined contribution pension schemes	8
	3,122
Share-based payments (note 26)	480
	3,602

The average number of employees (including Directors) during the Period was as follows:

	Number
Management	6
Administrative	6
Sales & risk assessment	9
	21

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on pages 35 to 36.

	For the Period to 31 December 2018 £'000
Key management emoluments	
Salary	1,399
Other benefits	22
Social security costs	201
Contributions to defined contribution pension schemes	4
Emoluments before share-based payments	1,626
Share-based payments	270
	1,896

A detailed disclosure of directors' remuneration is set out in the Remuneration Committee Report on page 43.

9. Exceptional items

The following costs were identified as exceptional during the Period:

	For the Period to 31 December 2018 £'000
IPO costs	613
Exceptional legal and professional costs related to investments and syndication of loans	256
	869

Urban Exposure Plc's Ordinary Shares were admitted to trading on AIM on 9 May 2018. Costs of £613,000 related to the IPO were expensed as a one-off non-recurring cost.

Legal and professional costs incurred in setting up the syndication agreement with KKR. The set-up costs are an exceptional one-off cost in defining the arrangement between the parties and are considered exceptional in size.

10. Finance costs

	For the Period to 31 December 2018 £'000
Interest expense for right-of-use leased assets	12
	12

11. Taxation

	For the Period to 31 December 2018 £'000
Current tax	–
Deferred tax	273
Taxation credit for the Period	273

The standard current rate of tax for the Period ended 31 December 2018 is 19%.

Deferred tax has been accounted for at the substantively enacted Corporation Tax rate of 19%.

The tax for the Period is based on the loss before taxation and is computed as follows:

	For the Period to 31 December 2018 £'000
Loss before taxation	(1,989)
Tax based on loss for the Period at tax rate of 19%	(378)
Expenses not deductible for tax purposes	105
Tax credit for the Period	(273)

Notes to the consolidated financial statements continued

12. Earnings per share (EPS)

Basic earnings/loss per share (EPS) has been calculated based on the loss for the Period as shown in the Consolidated Statement of Comprehensive Income divided by the weighted average number of Ordinary Shares in issue.

Diluted EPS has been calculated based on the loss for the Period as shown in the Consolidated Statement of Comprehensive Income divided by the weighted average number of Ordinary Shares. Although 3,150,000 share options were in issue, as these would have an anti-dilutive effect they have not been included in the calculation of 'Weighted average number of shares for diluted earnings per share'. In the future, when a profit is generated, these will have a dilutive impact.

	For the Period to 31 December 2018 £'000
Loss for the Period	(1,716)
Loss for the Period excluding exceptional items (note 9)	(847)
	Number of shares
Weighted average number of shares for basic EPS	145,793,865
Dilutive effect of share options	–
Weighted average number of shares for diluted EPS	145,793,865
	For the Period to 31 December 2018
Basic loss per share	1.18p
Diluted loss per share	1.18p
Adjusted basic loss per share	0.58p
Adjusted diluted loss per share	0.58p

13. Dividends

	£'000
Interim dividend for the Period	1,316
Proposed final dividend for the Period	2,647

The Board approved an interim dividend of 0.83p per share on 17 December 2018 which was paid on 21 January 2019. This has been recognised as a liability at 31 December 2018.

A final dividend of 1.67p per share is proposed, payable to all shareholders on the Register of Members on 12 April 2019.

The proposed final dividend is subject to approval at the Annual General Meeting and has not been recognised as a liability at 31 December 2018. The payment of this dividend will not have any tax consequences for the Group.

14. Intangible assets

	Goodwill £'000	Brand £'000	Total £'000
Cost			
At 10 April 2018	–	–	–
Acquired during the Period	10,668	1,874	12,542
Cost at 31 December 2018	10,668	1,874	12,542
Amortisation			
At 10 April 2018	–	–	–
Charge for the Period	–	122	122
Amortisation at 31 December 2018	–	122	122
Net book value at 31 December 2018	10,668	1,752	12,420

The Group acquired the goodwill and the brand on acquisition of the business of Urban Exposure Investment Management LLP on 9 May 2018, as detailed in note 27.

Brands are amortised on a straight-line basis over their useful economic lives, currently estimated at 10 years.

Goodwill

The Group tests annually for impairment, or more frequently if there are indications that goodwill may be impaired.

The carrying amount of goodwill is allocated to CGUs. The directors consider that the goodwill is allocated to the overall business of Urban Exposure Plc as one CGU.

The recoverable amount is determined based on the value in use calculation. The use of this method requires the estimation of future cash flows and the determination of a discount rate to calculate the present value of the cash flow.

The basis on which the CGU's recoverable amount has been determined is the value in use of the asset over a five-year period, discounted at 5.45%, and assumes growth of the loans, primarily through asset management.

The Group has conducted an analysis of the sensitivity of the impairment testing to changes in the key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. The directors believe that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

A 10% underperformance against forecast income would reduce the headroom but would show an aggregate value in excess of the carrying value of the CGU and hence would not result in an impairment charge. An increase in the discount applied to the cash flows of 5%, to 10.45%, would reduce the headroom but would show an aggregate value in excess of the carrying value of the CGU and hence would not result in an impairment charge.

Notes to the consolidated financial statements continued

15. Tangible assets

	Right-of-use short leasehold £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 10 April 2018	–	–	–	–
Acquired during the Period	3,839	418	19	4,276
Cost at 31 December 2018	3,839	418	19	4,276
Depreciation				
At 10 April 2018	–	–	–	–
Charge for the Period	–	–	–	–
Depreciation at 31 December 2018	–	–	–	–
Net book value at 31 December 2018	3,839	418	19	4,276

A right-of-use short leasehold was acquired on 20 November 2018 and has been recognised as an asset in accordance with IFRS 16. The leasehold was not in a condition available for occupation and was not occupied until January 2019. The furniture, fixtures and fittings and computer equipment were acquired for the new office. As the date of first use of all the assets is January 2019, there was no depreciation charge for the Period ended 31 December 2018.

16. Investments

	£'000
Valuation	
At 10 April 2018	–
Acquired during the Period	1,949
Valuation at 31 December 2018	1,949

The Group entered into a partnership agreement with Kohlberg Kravis Roberts (KKR) in which the Group has a 9.1% interest. The purpose of the agreement is to make loans to real estate developers in the United Kingdom for the development of residential and mixed use properties. Under this agreement, KKR will invest up to £150m and Urban Exposure Plc will invest up to £15m in assets under management, with each party contributing as directed under the partnership agreement, as and when required. At 31 December 2018, the Group had invested £1,949,000 under this agreement and considers this to be the fair value as at that date.

The investments are classified as a trade investment under IFRS 9. Accordingly, they are financial assets measured at FVTPL. See note 4 for further disclosures.

17. Subsidiaries

The principal subsidiaries of Urban Exposure Plc, all of which have been included in these Consolidated Financial Statements, are:

Name of company	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2018	Principal activity
Urban Exposure Holdings Limited	United Kingdom	100%	Holding company
Urban Exposure Lendco Limited	United Kingdom	100%*	Development finance
UE SFA 1 Limited	United Kingdom	100%*	Asset management
Urban Exposure Amco Limited	United Kingdom	100%*	Support services

* Indirectly held by a subsidiary

All the subsidiaries are registered at 6 Duke Street, St. James's, London SW1Y 6BN.

UE SFA 1 Limited (formerly Urban Exposure Security Agent Limited) was incorporated on 3 May 2018.

Urban Exposure Holdings Limited, Urban Exposure Lendco Limited and Urban Exposure Amco Limited were acquired by Urban Exposure Plc on 9 May 2018. Further details are given in note 27.

18. Loan receivables

	As at 31 December 2018 £'000
Loan receivables	89,544
	89,544

Please see note 4 for further disclosures relating to financial assets.

19. Trade and other receivables

	As at 31 December 2018 £'000
Contract assets	3,409
Other receivables	453
Total financial assets	3,862
Prepayments	85
Total trade and other receivables	3,947
Less: non-current portion of trade receivables	(254)
Less: non-current portion of other receivables	(422)
Current portion	3,271

The carrying value of trade and other receivables classified at amortised cost approximates to fair value.

Contract assets were acquired on the business combination and are secured by a charge on the assets being developed and are repayable based on the expected sales of those assets. There is no movement in the impairment provision in the Period.

Included within trade receivables is a contract asset of £254,000 which is expected to be repaid after more than one year.

Included within other receivables is a deposit of £422,000 for the right-of-use lease asset which is repayable within five years subject to meeting certain criteria.

20. Cash and cash equivalents

	As at 31 December 2018 £'000
Cash and cash equivalents – unrestricted	46,806

All the cash and cash equivalents are held in Sterling.

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair values.

21. Trade and other payables

	As at 31 December 2018 £'000
Trade payables	1,096
Other creditors	117
Accruals	2,004
	3,217

The carrying value of trade and other payables is measured at cost which approximates to fair value.

Note 4 gives further disclosures and a maturity analysis of the financial liabilities.

All trade and other payables are payable within one year.

Notes to the consolidated financial statements continued

22. Lease liabilities

The lease liabilities, as measured at present value, mature as follows:

	As at 31 December 2018		
	Total £'000	Within 1 year £'000	After > 1 year £'000
Payable within 1 year	229	229	–
Payable between 1–2 years	325	–	325
Payable between 2–5 years	1,220	–	1,220
Payable after more than 5 years	2,031	–	2,031
	3,805	229	3,576

The lease liabilities are in respect of the right-of-use leasehold premises acquired towards the end of the Period for the new head office to facilitate the Group as it grows.

The leasehold agreement is for 10 years with a five-year tenant-only break clause. The Group anticipates that this will not be exercised and has measured the right-of-use leasehold asset and lease liabilities on this basis.

The lease agreement includes a variable annual service cost which has a maximum value linked to the RPI. The lease is subject to a rent review after five years. Both variations will be measured as and when they occur.

23. Deferred tax

The net deferred tax movement for the Period is as follows:

	Brand £'000	Accelerated capital allowances £'000	Other temporary timing differences £'000	Losses carried forward £'000	Total £'000
Balance at 10 April 2018	–	–	–	–	–
Deferred tax on intangible asset acquired (note 27)	(356)	–	–	–	(356)
Credit/(Charge) to income statement in Period	23	(37)	98	189	273
Deferred tax liability at 31 December 2018	(333)	(37)	98	189	(83)

Deferred tax has been accounted for at the substantively enacted Corporation Tax rate of 19%.

24. Share capital

Share capital for the Period has been issued as follows:

	Number	Value per share £'000	Ordinary Shares £'000	Deferred Shares £'000	Total £'000
Issued at 10 April 2018 on incorporation	1	1.00	–	–	–
Issued at 16 April 2018	49,999	1.00	50	–	50
Shares as at 30 April 2018	50,000		50	–	50
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018	5,000,000	0.01	50	–	50
Shares re-organised into Ordinary and Deferred Shares on 30 April 2018		0.01	(50)	50	–
Issued in share exchange on 9 May 2018	14,950,000	0.01	150	–	150
Issued at IPO on 9 May 2018	150,000,000	0.01	1,500	–	1,500
At 31 December 2018	169,950,000		1,650	50	1,700

24. Share capital continued

The movement in the number of shares during the Period is shown as below:

	Ordinary Shares number	Deferred Shares number	Treasury Shares number	Total number
Issued at 10 April 2018 on incorporation	1	–	–	1
Issued at 16 April 2018	49,999	–	–	49,999
Shares as at 30 April 2018	50,000	–	–	50,000
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018	5,000,000	–	–	5,000,000
Shares re-organised into Ordinary and Deferred Shares 30 April 2018	(4,950,000)	4,950,000	–	–
Issued in share exchange on 9 May 2018	14,950,000	–	–	14,950,000
Issued at IPO on 9 May 2018	150,000,000	–	–	150,000,000
Shares re-purchased as Treasury Shares on 14 November 2018	(6,505,870)	–	6,505,870	–
At 31 December 2018	158,494,130	4,950,000	6,505,870	169,950,000

The Company was incorporated on 10 April 2018. On incorporation, the Company issued 1 Ordinary Share of £1 at par value. On 16 April 2018, the Company issued another 49,999 shares of £1 each.

On 30 April 2018, the entire share capital of 50,000 Ordinary Shares was sub-divided into 5,000,000 Ordinary Shares of £0.01 each and re-organised into 50,000 Ordinary Shares of £0.01 each and 4,950,000 Deferred Shares of £0.01 each.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, the Company entered into another share exchange agreement with the members of Urban Exposure Investment Management LLP and issued 7,798,700 shares of £0.01 each for a consideration of £7,848,700.

On 9 May 2018, the Company listed on AIM and issued 150,000,000 of £0.01 each at an issue price of £1.

On 14 November 2018, the Company re-purchased 6,505,870 £0.01 Ordinary Shares for a consideration of £0.80 per share through a share buyback. All the shares re-purchased are held as Treasury Shares.

The Ordinary Shares have full voting, dividend and capital distribution rights (including on a winding up). The Ordinary Shares do not confer any rights of redemption.

The Deferred Shares have no rights to dividends and no right to partake in a capital distribution (including on a winding up) before all other shareholders, neither do they confer any right to attend or vote at a general meeting of the Company.

25. Share premium

	As at 31 December 2018 £'000
Balance as at 10 April 2018	–
Share premium arising on Ordinary Shares issued	163,300
Share issue costs	(6,722)
Transfer to retained earnings	(156,578)
Balance at 31 December 2018	–

At 31 May 2018, a resolution was passed authorising, conditional on admission, the amount standing to the credit of the share premium account of the Company (less any issue expenses set off against the share premium account) to be cancelled and the amount of the share premium account so cancelled to be credited to retained earnings.

An application was made to the High Court to cancel the share premium account and judgment was obtained by Order of the High Court of Justice, Chancery Division, to approve the application and the share premium of £156,578,000 was cancelled and credited to retained earnings.

The SH19 form was submitted to Companies House with a copy of the Court Order on 24 July 2018.

Notes to the consolidated financial statements continued

26. Share-based payments

Following the IPO, the Group established equity-settled employee share schemes under which shares or share options are granted to employees or directors subject to the terms of the schemes:

There are two share option schemes in operation and both were set up during the Period.

The Long-Term Incentive Plan ('LTIP')

The LTIP enables the participants to acquire 'A' Ordinary Shares in Urban Exposure Holdings Limited ('A Ordinary Shares') as awards. On or after vesting, the participants may require the Company to acquire the A Ordinary Shares in exchange for the issue of Ordinary Shares in the Company. The acquisition price for the A Ordinary Shares shall be the nominal value of the shares.

The LTIP also grants share options to the participants with a nominal value exercise price. On exercise, the participants will be issued Ordinary Shares in the Company. The A Ordinary Shares and the share options will combine to deliver a maximum number of Ordinary Shares in the Company.

The options vest based on achievement of three separate measures for each of the periods ended 31 December 2018, 31 December 2019 and 31 December 2020, with a maximum of 550,000 shares available to vest in each period and a maximum number of 1,650,000 in total.

Measures:

1. Total shareholder return
2. Annualised return on equity
3. Annualised principal amount of committed loans made or arranged by the Company

Up to one ninth of the total LTIP share options will vest for achieving and exceeding each measure on an annual basis. Therefore 183,333 options are available for achieving each measure at each of the three period ends from 31 December 2018 to 31 December 2020.

The awards granted are subject to rigorous, stretching performance conditions as set by the Remuneration Committee on an annual basis.

Management Share Options ('MSO')

The MSO enables the participants to acquire A Ordinary Shares in Urban Exposure Holdings Limited as awards. On or after vesting, the participants may require the Company to acquire the A Ordinary Shares in exchange for the issue of Ordinary Shares in the Company. The acquisition price for the A Ordinary Shares shall be the nominal value of the shares.

The MSO also granted share options to senior management at the date of the IPO with an exercise price of 100p. On vesting, the participants will be issued Ordinary Shares in the Company.

Under the scheme, 1,500,000 share options were granted with an exercise price of 100p. The only vesting condition is that the holders remain within the employment of the Group. The options will vest on 9 May 2021.

The share-based payments for the Period included in operating costs comprise:

	For the Period 31 December 2018 £000's
Total share-based payment	480

26. Share-based payments continued

The following table illustrates the number and movement in share options during the Period:

	Number of options	Weighted average exercise price (pence)	Grant date/ (Lapsed date)	Vesting date	Weighted average remaining contractual life (years)
As at 10 April 2018	–				
LTIP share option issued	550,000	1	9/05/2018	31/12/2018	10 years
LTIP share option issued	550,000	1	9/05/2018	31/12/2019	10 years
LTIP share option issued	550,000	1	9/05/2018	31/12/2020	10 years
MSO issued	1,500,000	100	9/05/2018	31/12/2020	10 years
LTIP share options lapsed in Period	(366,666)		31/12/2018	09/05/2021	
	2,783,334				
Analysed as:					
Share options exercisable	183,333				
Share options not exercisable	2,600,001				
	2,783,334				

The fair value of the share-based payments for the LTIP and the MSO has been calculated based on the Black Scholes Pricing model with the following assumptions:

	LTIP	MSO
Current price (p)	100	100
Exercise price (p)	1	100
Risk-free rate of return	1.03%	1.03%
Volatility	24.23%	24.23%
Expected life of option (years)	5	5
Value per option (p)	76.93	11.10

27. Business combinations

On 9 May 2018, Urban Exposure Amco Limited, a 100% subsidiary of Urban Exposure Plc, acquired the business of Urban Exposure Investment Management LLP in exchange for 15,000,000 Ordinary Shares of £1.

	£'000
Fair value of consideration	
15,000,000 shares of £1 each	15,000
The following assets and liabilities were acquired:	
Net assets acquired at fair value:	
Intangible assets: brands	1,874
Trade and other receivables: contract asset	3,798
Trade and other payables	(984)
Deferred taxation	(356)
	4,332
Goodwill acquired	10,668

The primary reason for the acquisition was to acquire the original Urban Exposure business as a going concern including the goodwill, business information, IT system, the business name, business intellectual property rights, records and all other property, rights and assets used or intended to be used in connection with the business and it is these assets which represent the goodwill. The Company also acquired the rights to revenues in respect of contract assets which are included in trade and other receivables.

All assets and liabilities were valued at fair value at the date of acquisition. The book value of the contract assets acquired were £7,151,000 and these were adjusted to fair value of £3,798,000 at the date of acquisition.

Notes to the consolidated financial statements continued

28. Capital and financial commitments

As at 31 December 2018, there were no capital commitments for the Group.

The Group has £325 million of undrawn committed loan capital payable over the next four years. These commitments will be significantly reduced as and when they are syndicated to other lenders, or as and when the Group enters into co-lending arrangements with institutional investors.

The Group has entered into a partnership agreement with KKR with a commitment of up to £15 million and has made payments of £1,949,000 under this agreement during the Period. This leaves an outstanding financial commitment relating to the agreement of £13,051,000. See note 16 for further details.

29. Related party transactions

During the Period, the Group companies entered into the following transactions with related parties which are not members of the Group:

	Purchases – charges for payroll costs £'000	Purchases – charges for other costs £'000	Total purchases £'000	Amounts due to related parties at 31 December 2018 £'000
UE Finco Limited	93	235	328	85
Urban Exposure Limited	–	10	10	6
Urban Exposure Investment Management LLP	63	–	63	63
	156	245	401	154

Payroll and other operating costs were incurred on behalf of the Group and recharged at cost by the companies shown above.

Details of the directors' emoluments and of directors' interests are contained in the Remuneration Committee Report on page 41.

There were loan balances outstanding from the directors at the Period end of £6,000.

Dividends of £73,000 were paid to the directors and key managers of Urban Exposure Plc in respect of the interim dividend for 2018.

In addition, the following investments were acquired from related parties:

On 2 May 2018, Urban Exposure Plc acquired £100 Ordinary Shares in Urban Exposure Holdings Limited from R. Sandhu, a Company Director, for a consideration of £100.

On 9 May 2018, Urban Exposure Amco Limited issued 7,848,700 £1 shares to acquire the business assets of Urban Exposure Investment Management LLP in a share exchange with the members.

On 9 May 2018, Urban Exposure Plc acquired contract assets of £7,151,300 from Urban Exposure Holding Company (Jersey) Limited in exchange for 7,151,300 shares issued at a value of £1 each.

30. Post balance sheet events

The Group had no significant post balance sheet events requiring adjustment or disclosure.

Company statement of financial position

as at 31 December 2018

	Note	£'000
Fixed assets		
Investments	4	71,682
Total fixed assets		71,682
Current assets		
Trade and other receivables	6	72,926
Cash at bank and in hand		8,937
Total current assets		81,863
Total assets		153,545
Current liabilities		
Trade and other payables	7	1,390
Total current liabilities		1,390
Total assets less current liabilities		152,155
Net assets		152,155
Equity and reserves		
Share capital	9	1,700
Share premium	10	–
Retained earnings		150,455
Total equity and reserves		152,155

The Company's net loss after taxation for the Period was £82,000.

The Company Registration Number is 11302859.

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 84 to 89 form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 2 April 2019 and were signed on its behalf by:

Randeesh Sandhu
Chief Executive Officer

Company statement of changes in equity

for the Period from 10 April 2018 to 31 December 2018

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 10 April 2018		–	–	–	–
Loss for the Period		–	–	(82)	(82)
Share-based payments		–	–	480	480
Dividends payable	8	–	–	(1,316)	(1,316)
Issue of share capital	9	1,700	163,300	–	165,000
IPO cost related to equity issue	10	–	(6,722)	–	(6,722)
Capital reduction	10	–	(156,578)	156,578	–
Share buyback	9	–	–	(5,205)	(5,205)
Balance at 31 December 2018		1,700	–	150,455	152,155

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 84 to 89 form an integral part of these Financial Statements.

Notes to the company financial statements

for the Period from 10 April 2018 to 31 December 2018

1. General information and basis of preparation

Urban Exposure 1 Plc was incorporated on 10 April 2018 as a public limited Company in England and Wales with registration number 11302859. The Company changed its name to Urban Exposure Plc on 27 April 2018 and its Ordinary Shares were admitted to trading on AIM on 9 May 2018.

The registered office of the Company is 6 Duke Street, St. James's, London SW1Y 6BN.

The Company's principal activity is that of a holding company.

Period of account

The Company Financial Statements are in respect of the reporting Period ('the Period') from 10 April 2018 to 31 December 2018.

Basis of preparation

The Financial Statements of the Company have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgments in applying the Company's accounting policies.

The Company has applied the exemption allowed under Section 408(1b) of the Companies Act 2006 and has therefore not presented its own Statement of Comprehensive Income in these Financial Statements.

2. Significant accounting policies

Parent Company disclosure exemptions

In preparing the separate financial statement of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102.

- No cash flow statement has been presented for the parent Company;
- Disclosures in respect of the parent Company's financial instruments have not been presented, as equivalent disclosures have been provided in respect of the Group as a whole;
- Disclosures in respect of the parent Company's share-based payment arrangements have not been presented, as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

Investments in subsidiaries

Investments in subsidiaries in the Company's Statement of Financial Position are recorded at cost less provision for impairments.

Contract assets

Contract assets acquired as part of the business combination are purchased or originated credit-impaired assets. These assets are subsequently monitored for changes in credit risk and impairment provisions are adjusted accordingly.

Cash at bank and in hand

Cash at bank and in hand comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition.

Taxation

Tax expense comprises current and deferred tax.

Current tax

Current Income Tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

Deferred tax

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Notes to the company financial statements continued

2. Significant accounting policies continued

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Provisions and contingencies

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made at the date of the statement of financial position.

A contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability. A contingent liability is disclosed but not recognised.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year, otherwise they are presented as non-current liabilities.

Equity

The share capital represents the nominal value of the issued share capital of Urban Exposure Plc.

Treasury Shares

Where the Company purchases its own share capital (Treasury Shares), the consideration paid is set off against share premium. Where the share premium is nil, consideration above the nominal value of shares is debited against retained earnings. The proceeds from the sale of own shares held increase equity. Neither the purchase, cancellation nor sale of own shares leads to a gain or loss being recognised in the income statement.

Dividend and capital distributions

Dividend and capital distributions to the shareholders are recognised in the Company's Financial Statements in the period in which they are declared and appropriately approved. Once approved, dividends are recognised as a liability and recognised as a deduction from equity.

Events after the balance sheet date

Post year-end events that provide additional information about the Company's position at the balance sheet date and are adjusting events are reflected in the Financial Statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Company Financial Statements:

Investment in subsidiaries

The most critical estimates, assumptions, and judgments relate to the determination of carrying value of subsidiary investments and the carrying value of the loans that the Company has made to them. The nature, facts and circumstances of the investment or loan are taken into account on assessing whether there is any objective evidence of impairment.

Trade and other receivables

Trade and other receivables have been valued at amortised cost and are reviewed for effective evidence of impairment. Trade and other receivables include contract assets and amounts due from subsidiary undertakings and prepayments.

4. Investments

The investments are in respect of investment in subsidiary undertakings.

	£'000
Cost	
At 10 April 2018	–
Acquired during the Period	71,682
Cost at 31 December 2018	71,682
Impairment	
At 10 April 2018	–
Impairment for the Period	–
Impairment to 31 December 2018	–
Net book value at 31 December 2018	71,682

On 2 May 2018, Urban Exposure Plc acquired £100 Ordinary Shares in Urban Exposure Holdings Limited from R. Sandhu for a consideration of £100.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, Urban Exposure Plc acquired a further £7,848,700 Ordinary Shares in Urban Exposure Holdings Limited in a share exchange with the members for a consideration of £7,848,700.

On 9 May 2018, share options were issued to the directors and employees of Urban Exposure Amco Limited. The fair value of this investment for the Period is £480,000.

On 16 October 2018, Urban Exposure Plc acquired a further £60,000,000 Ordinary Shares in Urban Exposure Holdings Limited.

5. Subsidiaries

The principal subsidiaries of Urban Exposure Plc are:

Name of company	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2018	Principal activity
Urban Exposure Holdings Limited	United Kingdom	100%	Holding company
Urban Exposure Lendco Limited	United Kingdom	100%*	Development finance
UE SFA 1 Limited	United Kingdom	100%*	Asset management
Urban Exposure Amco Limited	United Kingdom	100%*	Support services

* Indirectly held by a subsidiary

All the subsidiaries are registered at 6 Duke Street, St. James's, London SW1Y 6BN.

UE SFA 1 Limited (formerly Urban Exposure Security Agent Limited) was incorporated on 3 May 2018.

Urban Exposure Holdings Limited, Urban Exposure Lendco Limited and Urban Exposure Amco Limited were acquired by Urban Exposure Plc on 9 May 2018.

Notes to the company financial statements continued

6. Trade and other receivables

	As at 31 December 2018 £'000
Contracts assets	3,409
Amounts due from subsidiary undertakings	69,469
Prepayments	48
	72,926

Included within contract assets is a balance of £254,000 recoverable after more than one year.

7. Trade and other payables

	As at 31 December 2018 £'000
Trade payables	27
Dividends payable	1,316
Accruals	47
	1,390

8. Dividends

	£'000
Interim dividend for the Period	1,316
Proposed final dividend for the Period	2,647

The Board approved an interim dividend of 0.83p per share on 17 December 2018 which was paid on 21 January 2019. This has been recognised as a liability at 31 December 2018.

A final dividend of 1.67p per share is proposed payable to all shareholders on the Register of Members on 12 April 2019. The proposed final dividend is subject to approval at the Annual General Meeting and has not been recognised as a liability at 31 December 2018. The payment of this dividend will not have any tax consequences for the Company.

9. Share capital

Share capital for the Period has been issued as follows:

	Number	Value per share £'000	Ordinary Shares £'000	Deferred Shares £'000	Total £'000
Issued at 10 April 2018 on incorporation	1	1.00	–	–	–
Issued at 16 April 2018	49,999	1.00	50	–	50
Shares as at 30 April 2018	50,000	–	50	–	50
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018		0.01	50	–	50
Shares re-organised into Ordinary and Deferred Shares at 30 April 2018	5,000,000	0.01	(50)	–	–
Issued in share exchange on 9 May 2018	14,950,000	0.01	150	50	150
Issued at IPO on 9 May 2018	150,000,000	0.01	1,500	–	1,500
At 31 December 2018	169,950,000		1,650	50	1,700

9. Share capital continued

The movement in the number of shares during the Period:

	Ordinary Shares Number	Deferred Shares Number	Treasury Shares Number	Total Number
Issued at 10 April 2018 on incorporation	1	–	–	1
Issued at 16 April 2018	49,999	–	–	49,999
Shares as at 30 April 2018	50,000	–	–	50,000
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018	5,000,000	–	–	5,000,000
Shares re-organised into Ordinary and Deferred Shares at 30 April 2018	(4,950,000)	4,950,000	–	–
Issued in share exchange on 9 May 2018	14,950,000	–	–	14,950,000
Issued at IPO on 9 May 2018	150,000,000	–	–	150,000,000
Shares re-purchased as Treasury Shares on 14 November 2018	(6,505,870)	–	6,505,870	–
At 31 December 2018	158,494,130	4,950,000	6,505,870	169,950,000

The Company was incorporated on 10 April 2018. On incorporation, the Company issued 1 Ordinary Share of £1 at par value. On 16 April 2018, the Company issued another 49,999 shares of £1 each.

At 30 April 2018, the entire share capital of 50,000 Ordinary Shares were sub-divided into 5,000,000 Ordinary Shares or £0.01 each and re-organised into 50,000 Ordinary Shares of £0.01 each and 4,950,000 of Deferred Shares of £0.01 each.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, the Company entered into another share exchange agreement with the members of Urban Exposure Investment Management LLP and issued 7,798,700 shares of £0.01 each for a consideration of £7,848,700.

On 9 May 2018, the Company listed on AIM and issued 150,000,000 of £0.01 each at an issue price of £1.

On 14 November 2018, the Company re-purchased 6,505,870 £0.01 Ordinary Shares for a consideration of £0.80 per share through a share buyback. All the shares re-purchased are held as Treasury Shares.

The Ordinary Shares have full voting, dividend and capital distribution rights (including on a winding up). The Ordinary Shares do not confer any rights of redemption.

The Deferred Shares have no rights to dividends and no right to partake in a capital distribution (including on a winding up) before all other shareholders, neither do they confer any right to attend or vote at a general meeting of the Company.

10. Share premium

	As at 31 December 2018 £'000
Balance as at 10 April 2018	–
Share premium arising on Ordinary Shares issued	163,300
Share issue costs	(6,722)
Transfer to retained earnings	(156,578)
Balance at 31 December 2018	–

On 31 May 2018, a resolution was passed authorising, conditional on admission, the amount standing to the credit of the share premium account of the Company (less any issue expenses set off against the share premium account) to be cancelled and the amount of the share premium account so cancelled to be credited to the retained earnings.

An application was made to the High Court to cancel the share premium account and judgment was obtained by Order of the High Court of Justice, Chancery Division, to approve the application and the share premium of £156,578,000 was cancelled and credited to retained earnings.

The SH19 form was submitted to Companies House with a copy of the court order on 24 July 2018.

Notes to the company financial statements continued

11. Related party transactions

Details of the directors' emoluments and of directors' interests are given in the Remuneration Committee Report on page 43.

Dividends of £73,000 were paid to the directors and key managers of Urban Exposure Plc in respect of the interim dividend for 2018.

In addition, the following investments (see note 4) were acquired from related parties:

On 2 May 2018, Urban Exposure Plc acquired £100 Ordinary Shares in Urban Exposure Holdings Limited from R. Sandhu, a Company Director, for a consideration of £100.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited, and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 16 October 2018, Urban Exposure Plc acquired a further £60,000,000 Ordinary Shares in Urban Exposure Holdings Limited.

Glossary

Term	Short term	Definition
Adjusted earnings per share	Adjusted EPS	Profit or loss after tax for the period, adjusted to exclude exceptional items, divided by the weighted average number of Ordinary Shares in issue over the same period.
Assets under management	AUM	External funds managed by the Group on behalf of investors, including banks and other capital providers.
Basic earnings per share	Basic EPS	Profit or loss after tax for the period divided by the weighted average number of Ordinary Shares in issue over the same period.
Blind pool		An investment into an unseeded investment vehicle (e.g. a fund with no loans at the date of investment).
Committed loans		The total amount (in £ sterling) of a loan facility to a borrower.
Diluted number of Ordinary Shares		The weighted average number of Ordinary Shares in issue, adjusted to assume conversion of all dilutive potential Ordinary Shares. These arise from awards made under share-based incentive schemes. Share awards with performance conditions attaching to them are not considered to be dilutive if the share price on their exercise is above market price.
Diluted earnings per share	Diluted EPS	Profit or loss after tax for the period, divided by the diluted weighted average number of Ordinary Shares in issue over the same period.
Exceptional items		Income or expenses which are one-off, non-recurring and exceptional in nature or size.
Fair value		Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's-length transaction at the measurement date.
Gross development value	GDV	Gross development value is the aggregate of the capital receipts from the sale of all the units in a development on the special assumption that the proposed development has been completed and 100% sold at today's date at current day values (whereby 'today's date' / 'current day' is the date of valuation).
House Price Index	HPI	The UK House Price Index (UK HPI) captures changes in the value of residential properties.
International Financial Reporting Standards	IFRS	International Financial Reporting Standards as adopted by the EU.
Internal rate of return	IRR	The internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero; this is typically based on an annualised period.
Key Performance Indicators	KPI	A business metric used to evaluate factors that are key to the success of the Group and its key business components.
Loan-to-value	LTV	The amount of the loan expressed as a percentage of the gross development value of the asset.
Loan-on-loan line		A leverage facility providing finance backed on an underlying loan as collateral.
London Interbank Offered Rate	LIBOR	The basic rate of interest used in lending between banks on the London interbank market and also used as a reference for setting the interest rate on other loans.
Minimum Income Clause	MIC	A clause in a loan agreement which entitles the lender to a guaranteed minimum level of income.
Money multiple	MM	Money multiple is the expression of the return multiple relative to the amount invested, e.g. for a return of £20 on £100 invested, the MM would equate to 1.2 x.
Net Asset Value	NAV	Total equity shareholders' funds (equivalent to the value of the Group's net assets).
Net asset value per share	NAVPS	Net asset value as defined, divided by the closing number of Ordinary Shares in issue (adjusted for treasury shares).
Performance fees		Performance fees are the Group's remaining share of income once it has returned the cost of the investment and agreed preferred returns to investors and capital providers.
Projected aggregate income	PAI	Total projected income including interest and other connected income streams after return of initial investment, estimated to be earned over the life of the loan.

Glossary continued

Term	Short term	Definition
Return on equity	ROE	Profit attributable to Ordinary Shareholders in a period, divided by the average ordinary shareholders' equity over the same period.
Right-of-use asset		A right-of-use asset refers to a leased asset where the lease confers the right to obtain substantially all the economic benefits from the use of an identifiable asset, and gives the right to direct the use of that asset.
Teaming		Teaming is a dynamic activity, not a bounded, static entity as defined by 'team'. Professor Amy Edmondson of Harvard Business School coined the term which calls for developing both affective (feeling) and cognitive (thinking) skills and is enabled by distributed leadership. The purpose of teaming is to expand knowledge and expertise so that organisations and their customers can capture the value.
Total shareholder return	TSR	The growth in capital from purchasing a share in the Company assuming that the dividends are reinvested each time they are paid.
Underlying Earnings per Share		The same as adjusted earnings per share.
Unlevered		Unlevered means excluding the cost of debt, i.e. before taking interest payments into account.
Weighted average	WA	A weighted average is a type of average in which each observation in the data set is multiplied by a predetermined weight before the average is calculated. In calculating a simple average (arithmetic mean) all observations are treated equally and assigned equal weight. A weighted average assigns weights that determine the relative importance of each data point. Weightings are the equivalent of having that many like items with the same value involved in the average.

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