

EXECUTION VERSION – REDACTED FOR RELEASE

Dated 10 December 2014

**SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT
(the “Guarantor”)**

and

**PRS OPERATIONS LIMITED
(the “Licensee”)**

Private Rented Sector Housing Guarantee Licence

LICENCE

<u>A.</u>	<u>GENERAL CONDITIONS OF LICENCE</u>	1
<u>1.</u>	<u>Definitions</u>	1
<u>2.</u>	<u>Interpretations</u>	21
<u>3.</u>	<u>Undertakings, Warranties and Representations</u>	22
<u>4.</u>	<u>Status of Licence</u>	24
<u>5.</u>	<u>Amendments and Variations</u>	24
<u>6.</u>	<u>Purpose of the Licence and Exclusivity</u>	24
<u>7.</u>	<u>Payments</u>	25
<u>8.</u>	<u>Tax Arrangements</u>	26
<u>9.</u>	<u>Duration</u>	26
<u>10.</u>	<u>Review of the Loan Administration Services, Issuer Administration Services and Special Servicing Services</u>	26
<u>11.</u>	<u>Indemnities</u>	27
<u>12.</u>	<u>Intellectual Property Rights</u>	28
<u>13.</u>	<u>Property Rights in Intellectual Property</u>	28
<u>14.</u>	<u>Insurance</u>	29
<u>15.</u>	<u>Force Majeure and Business Continuity</u>	30
<u>16.</u>	<u>Corrupt Gifts and Payments</u>	31
<u>17.</u>	<u>Discrimination</u>	31
<u>18.</u>	<u>Third Party Rights</u>	31
<u>19.</u>	<u>Environmental Requirements</u>	32
<u>20.</u>	<u>Notices</u>	33
<u>21.</u>	<u>Confidentiality</u>	33
<u>22.</u>	<u>Official Secrets Act</u>	35
<u>23.</u>	<u>Data Protection</u>	35

<u>24.</u>	<u>TUPE</u>	37
<u>25.</u>	<u>Freedom of Information</u>	38
<u>26.</u>	<u>Right to Publish and Publicity</u>	39
<u>27.</u>	<u>Termination on Change of Control, Unlawfulness and Insolvency</u>	39
<u>28.</u>	<u>Termination on Default or Misrepresentation</u>	40
<u>29.</u>	<u>Consequences of Termination and Expiry</u>	41
<u>30.</u>	<u>Dispute Resolution</u>	42
<u>31.</u>	<u>Continuation of Licence in event of disputes</u>	44
<u>32.</u>	<u>Assignment, Sub-Licensing or Sub-Contracting by the Licensee</u>	44
<u>33.</u>	<u>Novation and Assignment by the Guarantor</u>	44
<u>34.</u>	<u>Severability</u>	44
<u>35.</u>	<u>Waiver</u>	45
<u>36.</u>	<u>Conflicts of Interest</u>	45
<u>37.</u>	<u>Step-in Rights</u>	45
<u>38.</u>	<u>Delivery, Variation, Equipment and Inspection</u>	47
<u>39.</u>	<u>Licensee's Personnel</u>	48
<u>40.</u>	<u>Meeting and Reporting</u>	49
<u>41.</u>	<u>Exit and Skills Transfer</u>	49
<u>42.</u>	<u>Governing Law</u>	49
<u>43.</u>	<u>Entire Licence</u>	49
<u>44.</u>	<u>Costs</u>	50
<u>B.</u>	<u>LICENSEE'S PERFORMANCE CONDITIONS RELATING TO THE DELIVERY AND MANAGEMENT OF THE PRIVATE RENTED GUARANTEE SCHEME</u>	51
<u>1.</u>	<u>Standards and Procedure for the Loan due diligence and approval</u>	51
<u>2.</u>	<u>Request for Approved Borrower Guarantee</u>	51
<u>3.</u>	<u>Agreed Form documentation: establishment and amendments</u>	53

<u>4. Administration</u>	55
<u>5. Intervention</u>	56
<u>6. Capital Raising and Loan Documentation</u>	56
<u>7. Governance Structure</u>	59
<u>8. Professional Advice</u>	60
<u>9. Structure and Cost of Operations</u>	61
<u>10. Fees payable to Venn and Annual Revenue Rebate</u>	65
<u>11. Cost of Risk distribution</u>	68
<u>12. Mobilisation</u>	68
<u>13. Production and Retention of Documentation</u>	68
<u>Schedule 1 Scheme Rules</u>	70
<u>Schedule 2 Guarantor Approval Process</u>	72
<u>Schedule 3 Benchmarking and Repricing Procedures</u>	73
<u>Schedule 4 Assessment Procedures</u>	75
<u>Schedule 5 Execution Procedures</u>	78
<u>Schedule 6 Security Procedures</u>	89
<u>Schedule 7 Reporting Procedures</u>	92
<u>Schedule 8 Loan Administration Procedures</u>	95
<u>Schedule 9 Increased Monitoring and Intervention Procedures</u>	99
<u>Schedule 10 Committee Requirements</u>	101
<u>Schedule 11 Commercially Sensitive Information</u>	103
<u>Schedule 12 Provision of Services – Organisational Structure</u>	105
<u>Schedule 13 Form of Gateway Proposal</u>	106
<u>Schedule 14 Form of Gateway Approval</u>	107
<u>Schedule 15 Agreed Form Documentation for Capital Raising</u>	108

<u>Schedule 16 Agreed Form Documentation for Loans</u>	110
<u>Schedule 17 Certificates</u>	111
<u>Schedule 18 - Costs and Volume Scenarios</u>	112
<u>Schedule 19 Form of Due Diligence Queries</u>	115
<u>SIGNATURES</u>	116

DATE: 10 December 2014

PARTIES:

1. **SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT** (the “**Secretary of State**”) of 2 Marsham Street, London SW1P 4DF;

AND

2. **PRS OPERATIONS LIMITED** (the “**Licensee**”) of 13 George Street, London W1U 3QJ (registered in England No. 09280030).

A. GENERAL CONDITIONS OF LICENCE

1. DEFINITIONS

In the Licence the following words shall have the following meanings unless the context requires otherwise:

“**Acceptance**” means a written acceptance given by the Guarantor in respect of the final approval of an Approved Borrower Guarantee proposal in accordance with Condition B2.7.1;

“**Accounting Principles**” means generally accepted accounting principles in the United Kingdom, including international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;

“**Additional Parameters**” has the meaning given to that term in Condition B6.4.5;

“**Administration Costs**” means the Loan Administration Costs and the Issuer Administration Costs;

“**Administration Services**” means the Loan Administration Services and the Issuer Administration Services;

“**Affected Party**” has the meaning given to that term in Condition A15.1;

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a holding company of that person or any other Subsidiary of that holding company;

“**Affordable Housing Guarantee Scheme**” is the Housing Guarantee Scheme for Affordable Housing;

“**Agreed Form**” means either that a document is agreed by the Parties hereto and initialled on their behalf at the date of this Licence or otherwise has the meaning given to that term in Condition B3.3;

“**Annual Revenue Rebate**” has the meaning given to that term in Condition B10.4.2;

“Annual Revenue Rebate Certificate” has the meaning given to that term in Condition B10.5;

“Approved Borrower” means a borrower under the Private Rented Guarantee Scheme that satisfies the Scheme Rules and who has made a loan application that has been approved both by the Licensee and by the Guarantor for the purposes of this Licence and the issuance of an Approved Borrower Guarantee;

“Approved Borrower Guarantee” means a guarantee by the Guarantor of certain payment obligations of an Approved Borrower pursuant to a Loan in substantially the Agreed Form;

“Approved Borrower Share Charge” means a charge granted by each of the Approved Borrower’s parent entities, in favour of the Issuer and/or the Security Agent, over their respective shares in the Approved Borrower;

“Assessment Procedures” means the procedures set out in Schedule 4, as supplemented from time to time by the Operations Manual;

“Associated Person” has the meaning given to that term in Condition A16.1;

“Audit Committee” means the Licensee’s audit committee, to be established and operated in accordance with paragraphs 2 and 4 of Schedule 10;

“Benchmark Costs” has the meaning given to that term in paragraph 1.3 of Schedule 3;

“Benchmarking and Repricing Procedures” means the process set out in Schedule 3;

“Bidder(s)” has the meaning given to that term in Condition A24.2;

“Boards” means the Licensee Board and the Issuer Board;

“Bond Issuance” has the meaning given to that term in Condition B6.1.1;

“Borrower Administration Charge” means the amounts charged by the Licensee to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.8;

“Borrower Arrangement Fee” means the fee charged by the Licensee to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.1;

“Borrower Capital Charge” means the amounts charged by the Licensee to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.6;

“Borrower Capital Raising and Loan Transaction Charge” means the amounts charged by the Licensee to Approved Borrowers in accordance with Loan Agreements and Condition B9.2.5;

“Borrower Cost of Risk Charge” means the amounts charged by the Issuer to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.3;

“Borrower Guarantor Fee” means the fee charged by the Issuer to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.7;

“Borrower Management Services Fee” means the fee charged by the Licensee to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.2;

“Borrower Professional Services Charge” means the amounts charged by the Licensee to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.9;

“Borrower Special Servicing Fee” means the fee charged by the Licensee to Approved Borrowers in accordance with the Loan Agreements and Condition B9.2.4;

“Budgeted Loan Primary Servicing Costs” means, [information redacted under section 43 of the FOI act];

“Capital Raising” has the meaning given to that term in Condition B6.1;

“Capital Raising Block Notice” means a notice delivered to the Licensee by the Guarantor stating that a Capital Raising Execution Block has occurred;

“Capital Raising Execution Block” has the meaning given to that term in paragraphs 5.1, 6.1 and 10.1 of Schedule 5;

“Capital Raising and Loan Transaction Costs” means fees payable to rating agencies, legal fees and other third party professional costs incurred:

- (a) by the Licensee directly; or
- (b) by Venn or the Issuer and recharged to the Licensee under the Management Agreement or Intra-Group Services Agreement, as applicable,

in connection with the discharge of the Capital Raising and Loan Transaction Functions;

“Capital Raising and Loan Transaction Functions” means the initiation, Pricing and Closing of Capital Raisings, negotiating the terms of Loan Agreements and Security Documents and the Loan origination and negotiation functions specified in paragraph 1.1 of Schedule 8;

“Capital Raising and Loan Transaction Services” means the services provided to the Licensee (including for the benefit of the Issuer under the Intra-Group Services Agreement) under the terms of the Management Agreement (or, as the case may be, by any replacement provider of such services) in order to assist the Licensee Board in administering all matters relating to the Capital Raising and Loan Transaction Functions and the discharge of the Licensee’s related obligations under the Licence;

“Cash Management Policy” means the cash management policy of the Licensee in the Agreed Form in respect of, among other things, the management and application of cash held by the Licensee and the Issuer;

"Certificate" means a certificate or report which is listed in Schedule 17 and which is given by the Licensee (and/or Venn and/or the Issuer, as applicable) to the Guarantor pursuant to this Licence;

"Certificate of Title" means the then current City of London Law Society form of Certificate of Title, or such other certificate of title, in substantially the form approved by the Guarantor, prepared by the Approved Borrower's solicitors and addressed to the Licensee, the Issuer and the Guarantor;

"Closing" means, in respect of a Capital Raising:

- (a) in the case of a Bond Issuance, the date on which the Issuer will receive the proceeds of that Capital Raising; and
- (b) in the case of a Facility Agreement, the date on which the Facility Agreement is signed;

"Commercial Representative(s)" means the representative(s) of each Party for all commercial matters, whose appointment and contact details shall be notified to the other Party in writing;

"Commercially Sensitive Information" means all of the information listed in Schedule 11;

"Completion" means an Initial Completion or a Subsequent Completion;

"Confidential Information" means all Commercially Sensitive Information and any other information from time to time which has been designated as confidential by either Party in writing or that ought reasonably to be considered as confidential (howsoever it is conveyed and stored), including commercially sensitive information, information which relates to the business, affairs, properties, assets, trading practices, developments, trade secrets, intellectual property rights, know-how, personnel, customers and suppliers of either Party and all personal data and sensitive personal data within the meaning of the DPA, together with all information derived from the above;

"Consumer Price Index" means the Consumer Prices Index published by the Office for National Statistics (or its successor) from time to time, or failing such publication or in the event of a fundamental change to the measure, such other index as the Parties may agree or such adjustments to the Consumer Prices Index as the Parties may agree (in each case with the intention of putting the Parties in no better nor worse position than they would have been in had the Consumer Prices Index not ceased to be published or the relevant fundamental change not made);

"Costs" has the meaning given to that term in Condition B10.4.4;

"Credit Committee" means the Licensee's credit committee, to be established and operated in accordance with the requirements of paragraphs 1 and 4 of Schedule 10;

"Cumulative Guarantee Amount" has the meaning given to that term in Condition A6.2;

“Cumulative Operating Margin” has the meaning given to that term in Condition B10.4.1;

“Day” means calendar day unless otherwise defined;

“Day P-1” means the date which is one Working Day prior to the expected date of Pricing of the relevant Capital Raising or Further Drawdown;

“Day P-2” means the date which is two Working Days prior to the expected date of Pricing of the relevant Capital Raising or Further Drawdown;

“DCLG Nominee” means a non-executive director of the Licensee Board or the Issuer Board (as the context requires) nominated by the Guarantor pursuant to a Letter of Nomination;

“Debt Capital Guarantee” means a guarantee by the Guarantor in substantially the Agreed Form of certain of the Issuer’s payment obligations in respect of any debt capital raised for the sole purpose of on-lending to one or more Approved Borrowers (including, without limitation, by applying amounts to a Liquidity Reserve and by withholding amounts on account of fees, costs and expenses payable by such Approved Borrowers);

“Debt Capital Guarantee Confirmation” means, in respect of a Fungible Bond Issuance, a confirmation by the Guarantor to the effect that the Debt Capital Guarantee in respect of the original Bond Issuance to which the Fungible Bond Issuance relates applies to the Fungible Bond Issuance, in substantially the Agreed Form;

“Disclosure Letter” means the letter dated on or about the date of this Licence written by Venn to the Guarantor for the purposes of Condition A3.1.12 and delivered to the Guarantor before the Effective Date;

“DPA” means the Data Protection Act 1998 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;

“Due Diligence Certificate” means a certificate signed by an authorised signatory confirming that a telephone call has taken place with:

- (a) in the case of a Due Diligence Certificate provided pursuant to paragraph 4.3(D) or 12.2(D) of Schedule 5, an authorised officer of each Approved Borrower whose proposed Loan is to be funded by the relevant Capital Raising or Further Drawdown; and
- (b) in the case of a Due Diligence Certificate provided pursuant to paragraph 11.3(D) of Schedule 5, an authorised officer of the relevant Approved Borrower,

at which the Due Diligence Queries were asked of such officer, and confirming the responses provided by each such officer on behalf of each Approved Borrower to such queries;

“Due Diligence Queries” means the queries listed in Schedule 19, as supplemented from time to time by the Operations Manual;

“Effective Date” shall be the date this Licence is made;

“Environmental Information Regulations” or **“EIR”** means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;

“Execution Procedures” means the procedures set out in Schedule 5, as supplemented from time to time by the Operation Manual;

“Facility Agent” means the facility agent appointed under the terms of, or in relation to, the relevant Loan Documentation;

“Facility Agreement” has the meaning given to that term in Condition B6.1.2;

“Final Assessment” means the procedure set out in paragraph 1 of Schedule 5;

“Financial Quarter” means the period commencing on the Day after one Quarter Date and ending on the next Quarter Date;

“Financial Year” means the annual accounting period of Venn, the Licensee and the Issuer ending on 31 December in each year;

“Fixed Charge” means a first fixed charge granted by the Approved Borrower, in favour of the Issuer and/or the Security Agent, over its Security Portfolio;

“Floating Charge” means a first floating charge or debenture granted by the Approved Borrower, in favour of the Issuer and/or the Security Agent, over all of its present and future assets not at any time effectively charged or assigned under the Fixed Charge granted by that Approved Borrower;

“FOIA” means the Freedom of Information Act 2000 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;

“Force Majeure” means any event or occurrence, beyond the Party’s reasonable control, which is not attributable to any act or failure to take preventative action by the Party concerned including governmental regulations, fire, flood, acts of terrorism, war, pandemic or any other disaster. It does not include any industrial action occurring within the Licensee’s organisation or the Issuer’s organisation or within any sub-licensee or sub-contractor’s organisation;

“Fungible Bond Issuance” means a Bond Issuance in respect of bonds carrying the same terms and conditions in all respects (or in all respects save for the issue date and first interest payment date) as, and consolidated and forming a single series and ranking *pari passu* with, and sharing the same security (if any) as, bonds issued pursuant to a previous Bond Issuance;

“Further Drawdown” means a resale of bonds retained pursuant to a Retained Bond Issuance;

“Gateway Approval” has the meaning given to that term in Condition B6.5;

“Gateway Parameters” has the meaning given to that term in Condition B6.4;

“Gateway Proposal” has the meaning given to that term in Condition B6.4;

“Good Industry Practice” means the exercise of that degree of skill, knowledge, care, diligence, prudence and foresight which would reasonably be expected of a skilled and experienced person engaged in the same or similar type of undertaking under the same or similar circumstances;

“Guarantee” means either an Approved Borrower Guarantee or a Debt Capital Guarantee, as the case may be;

“Guarantee Application Pack” has the meaning given to that term in paragraph 2 of Schedule 2;

“Guarantee Availability Period” means the period from the Effective Date until 31 December 2016 or as extended by mutual agreement in accordance with Condition A6.7;

“Guarantor” means the Secretary of State for Communities and Local Government;

“Guarantor Approval Process” means the process set out in Schedule 2, as supplemented from time to time by the Operations Manual;

“Guarantor Fee Letter” means a letter agreement between the Guarantor and the Issuer in respect of the payment of the Issuer Guarantor Fee;

“Guarantee and Reimbursement Agreement” means, in respect of a Guarantee, a deed between the Issuer, the Licensee and the Guarantor setting out the terms on which the Issuer and the Licensee will indemnify and reimburse the Guarantor in respect of any payment by the Guarantor under such Guarantee;

“Headcount Percentage” means, on a given calculation date and in respect of a given calculation period, the average total number of Venn’s employees and members engaged in the delivery of the Administration Services on a full-time equivalent basis during the calculation period divided by the average total number of Venn’s full-time equivalent employees and members during the calculation period, expressed as a percentage amount;

“Impending Asset Cover Breach” means, in respect of an Approved Borrower, the issue of a Valuation evidencing that the aggregate of:

- (a) the Value of that Approved Borrower’s Security Portfolio; and

- (b) the cash held in accounts charged pursuant to the Security Documents entered into by that Approved Borrower,

is less than 128 per cent. of the outstanding balance of the relevant Loan;

“Increased Amount” has the meaning given in B9.6.2;

“Increased Cost” means:

- (a) a reduction in the rate of return from a Loan;
- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Loan Documentation,

which is incurred or suffered by the Issuer or the Licensee to the extent that it is attributable to the Issuer or the Licensee having entered into its commitment under a Loan Agreement or funding or performing its obligations under any Loan Documentation, as a result of:

- (a) the introduction of or any change in (or in the interpretation, administration or application by any government or regulatory authority of) any law or regulation after the date of the relevant Loan Agreement;
- (b) the implementation or application of, or compliance with, Basel III or any other law or regulation which implements Basel III made after the date of the relevant Loan Agreement (whether such implementation, application or compliance is by a government, a regulator, the Licensee or the Issuer);
- (c) the loss of, or any change in, the tax status of the Issuer as a “securitisation company” within the meaning of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) after the date of the relevant Loan Agreement;
- (d) the increase, or any other change in the rate or basis of charge of, the Issuer Guarantor Fee after the date of the relevant Loan Agreement; or
- (e) compliance with any law or regulation made after the date of the relevant Loan Agreement;

“Increased Monitoring Procedures” means the procedures specified in paragraph 1 of Schedule 9, as supplemented from time to time by the Operations Manual;

“Information” has the meaning given under Section 84 of the FOIA;

“Initial Completion” means, in relation to an Approved Borrower and a Loan Agreement, completion of the first project(s) relating to that Loan Agreement in accordance with the conditions specified on issue of the relevant Letter of Comfort;

“Intellectual Property Rights” means patents, inventions, trade marks, service marks, logos, design rights (whether registrable or otherwise), applications for any of the

foregoing, copyright, database rights, domain names, trade or business names, moral rights and other similar rights or obligations whether registrable or not in any country and the right to sue for passing off;

“Interest Cover Requirement” means the requirement set out in paragraph 1.3 of Schedule 6;

“Interpolation Assumptions” means, [information redacted under section 43 of the FOI act];

“Intervention Procedures” means the procedures specified in paragraph 2 of Schedule 9, as supplemented from time to time by the Operations Manual

“Intra-Group Services Agreement” means the agreement between the Issuer and the Licensee in the Agreed Form pursuant to which, among other things, the Licensee will procure the provision of the Capital Raising and Loan Transaction Services, the Issuer Administration Services, the Loan Administration Services and the Special Servicing Services to the Issuer;

“Issuer” means a special purpose vehicle (incorporated, or to be incorporated, under the laws of England and Wales as a wholly-owned subsidiary of the Licensee with the name “PRS Finance plc”) which makes, or will make, Loans arranged and administered by the Licensee and undertakes Capital Raisings;

“Issuer Administration Costs” means the costs incurred by the Licensee (for the avoidance of doubt to include costs recharged by the Issuer to the Licensee under the Intra-Group Services Agreement) in procuring services to the Licensee to discharge the Issuer Administration Functions;

“Issuer Administration Functions” means those functions, other than those in relation to which the Capital Raising and Loan Transaction Services and the Loan Administration Services are provided, which are necessary or desirable in accordance with Good Industry Practice or the terms of the relevant Principal Capital Raising Documentation for the Licensee and the Issuer to operate their respective businesses and for the Licensee (and/or the Issuer, as applicable) to comply with the Licensee’s obligations pursuant to the terms of this Licence and the terms of any documents entered into in accordance with the terms of this Licence, including but not limited to company secretarial and accounting functions, and administration of all matters relating to Capital Raisings including administration of payments or interest, principal, fees and other costs in connection therewith;

“Issuer Administration Services” means the services provided to the Licensee (including for the benefit of the Issuer under the Intra-Group Services Agreement) under the terms of the Management Agreement (or as the case may be by any replacement provider of such services) in order to assist the Licensee Board to discharge the Issuer Administration Functions;

“Issuer Board” has the meaning given in Condition B7.4;

“Issuer Guarantor Fee” means the fee charged by the Guarantor to the Issuer in accordance with the Guarantor Fee Letter(s);

“Key Personnel” means any of the Licensee’s Personnel named in the Licence as key personnel or any of the Licensee’s Personnel who the Guarantor notifies to the Licensee in writing are to be regarded as key personnel;

“Letter of Nomination” means a letter of nomination in substantially the Agreed Form to be delivered to and acknowledged by the DCLG Nominee(s) in relation to their nomination to the Board(s) as non-executive director(s);

“Letter of Comfort” means a non-binding letter of comfort from the Guarantor to an Approved Borrower in substantially the Agreed Form issued in accordance with Condition B2.5;

“Licence” means the Licence between the Guarantor and the Licensee consisting of these Conditions of Licence (Parts A and B) together with the Schedules and any other terms and conditions or documents (or parts thereof) specified by the Guarantor;

“Licence Documents” has the meaning given to that term in Condition A43.1;

“Licence Manager(s)” means the representative(s) of each Party who manage the Licence, whose appointment and contact details shall be notified to the other Party in writing;

“Licensee” means the individual, firm or company with whom the Guarantor enters into the Licence;

“Licensee Administration Charge” means the amounts charged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.6;

“Licensee Arrangement Fee” means the fee charged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.1;

“Licensee Board” has the meaning given in Condition B7.3;

“Licensee Capital Raising and Loan Transaction Charge” means the amounts recharged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.4;

“Licensee Capital Charge” means the amounts charged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.5;

“Licensee Management Services Fee” means the fee charged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.2;

“Licensee Professional Services Charge” means the amounts recharged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.7;

“Licensee Security” means the first ranking fixed and floating charge to be granted by the Licensee in favour of the Guarantor as security for its obligations under, among other things, the Licence;

“Licensee Special Servicing Fee” means the fee charged by Venn to the Licensee in accordance with the Management Agreement and Condition B10.1.3;

“Licensee’s Personnel” or **“Personnel of the Licensee”** means all persons employed by the Licensee to perform the Licence together with the Licensee’s servants, agents and sub-licensees or sub-contractors used in the performance of the Licence (including, for the avoidance of doubt, the Issuer and the Issuer’s personnel);

“Liquidity Reserve” means, in relation to a Loan, any amount held under the terms of the relevant Liquidity Reserve Trust Deed;

“Liquidity Reserve Trust Deed” means a trust deed to be entered into between an Approved Borrower and the Issuer pursuant to which the Issuer will agree to hold the amounts withheld from the disbursement of the proceeds of the Loan(s) (and any amounts subsequently paid in accordance with the terms of the relevant Loan Agreement) on trust for the Approved Borrower and which, alone or together with the Security Documents, creates a first fixed charge in favour of the Issuer over the monies held in the Liquidity Reserve;

“Loan” means a loan from the Issuer to an Approved Borrower entered into in accordance with the terms of this Licence;

“Loan Administration Costs” means the costs incurred by the Licensee in procuring services to the Licensee to discharge the Loan Administration Services (including, for the avoidance of doubt, the Loan Administration Third Party Costs);

“Loan Administration Professional Costs” means fees payable to rating agencies, fees payable to auditors, legal fees and other third party professional costs incurred:

- (a) by the Licensee directly; or
- (b) by Venn or the Issuer and recharged to the Licensee under the Management Agreement or Intra-Group Services Agreement, as applicable,

in connection with the discharge of the Loan Administration Services, other than the Loan Primary Servicing Costs;

“Loan Administration Services” means the administration services (other than the Issuer Administration Services, the Capital Raising and Loan Transaction Services and the Special Servicing Services) carried out by the Licensee (including for the benefit of the Issuer under the Intra-Group Services Agreement) in relation to the Loans in accordance with the Loan Transaction and Administration Procedures;

“Loan Administration Third Party Costs” means the Loan Administration Professional Costs and the Loan Primary Servicing Costs;

“Loan Agreement” means an agreement between, among others, the Issuer, the Licensee and an Approved Borrower setting out the terms of the relevant Loan facilities;

“Loan Applicant” means a person who applies to the Licensee to be considered for a loan under the Private Rented Guarantee Scheme;

“Loan Block Notice” means a notice delivered to the Licensee by the Guarantor stating that a Loan Execution Block has occurred;

“Loan Documentation” means the Loan Agreement and the Security Documents in respect of a Loan, each substantially in the relevant Agreed Form;

“Loan Documentation Confirmation” means a certificate in respect of a Loan stating that the Loan Documentation for that Loan is substantially in the relevant Agreed Form;

“Loan Execution Block” has the meaning given to that term in paragraphs 7.1 and 11.4 of Schedule 5;

“Loan Loss Reserve Account” means the account of the Issuer identified as such and to be established and operated by the Licensee in accordance with the Cash Management Policy;

[information redacted under section 43 of the FOI act];

“Loan Period” means the period to maturity of loans to Approved Borrowers;

“Loan Primary Servicing Costs” means fees payable to any third party service provider:

- (a) by the Licensee directly; or
- (b) by Venn or the Issuer and recharged to the Licensee under the Management Agreement or Intra-Group Services Agreement, as applicable,

in connection with the discharge of the Loan Primary Servicing Services (other than the Loan Administration Professional Costs);

“Loan Primary Servicing Services” means those Loan Administration Services which comprise the primary servicing of Loans;

“Loan Transaction and Administration Procedures” means the procedures set out in Schedule 8, as supplemented from time to time in accordance with the Operations Manual;

“Management Agreement” means the agreement in the Agreed Form entered into or, as the context requires, to be entered into by the Licensee and Venn, under which Venn shall provide, or procure the provision of, the Loan Administration Services, the Capital Raising and Loan Transaction Services, the Special Servicing Services and the Issuer Administration Services;

“Material Adverse Change” means, in relation to any Capital Raising, a change, or development involving a prospective change, in:

- (a) the condition (financial or otherwise) of the Licensee or the Issuer; or
- (b) the ability of the Licensee or the Issuer to perform its obligations under this Licence or undertake a Capital Raising, the ability of Venn to perform its obligations under the Management Agreement, or the ability of the Issuer to perform its obligations under the Intra-Group Services Agreement; or
- (c) national or international financial, political or economic conditions or currency exchange rates or exchange controls,

the effect of which is, in each case, in the judgement of the Guarantor (acting in good faith):

- (i) likely to prejudice materially the ability of the Licensee or the Issuer to perform its obligations to make payments pursuant to the relevant Principal Capital Raising Documentation which are the subject of a Debt Capital Guarantee; or
- (ii) likely to prejudice materially the success of the relevant Capital Raising or subsequent dealings in the relevant debt in the secondary market immediately post-admission;

“Material Breach” means:

- (a) any fundamental breach of a term of this Licence, or breach of a fundamental term of the Licence; or
- (b) sub-licensing or sub-contracting all or part of the Licence without consent; or
- (c) any breach in the application of the Scheme Rules; or
- (d) any fundamental breach of a term of the Management Agreement, or breach of a fundamental term of the Management Agreement; or
- (e) any fundamental breach of a term of the Intra-Group Services Agreement, or breach of a fundamental term of the Intra-Group Services Agreement; or
- (f) any other breach or breaches of the terms of the Licence which materially prevents or materially delays the performance of the Licensee’s obligations under this Licence;

“Maximum Loan Period” means 30 years;

“Mobilisation Plan” means the mobilisation plan in the Agreed Form to be provided by the Licensee in accordance with Condition B3.1.9;

“Nominations Committee” means the Licensee’s nominations committee, to be established and operated in accordance with paragraphs 3 and 4 of Schedule 10;

“Online DSS” means the web-based document sharing system to be established and operated in accordance with the Operations Manual and managed by Venn or a third party selected by Venn in accordance with the terms of the Licence for the purposes of the Assessment Procedures and regular reporting to the Guarantor;

“Operations Manual” means a guide to the Licensee’s, the Issuer’s, Venn’s and the Guarantor’s procedures in connection with the operation of the Licence, in the Agreed Form;

“Panel Solicitor” means one of the following firms: Eversheds LLP, Macfarlanes LLP, Berwin Leighton Paisner LLP, Freshfields Bruckhaus Deringer LLP, Linklaters LLP or such other firm as may be appointed in accordance with Condition B8;

“Panel Valuer” means one of the following firms: Savills, CBRE Group, Colliers International, Jones Lang LaSalle or such other firm as may be appointed in accordance with Condition B8;

“Party” means a party to the Licence and **“Parties”** shall be construed accordingly;

“Persistent Breach” means any breach of the Licence, the Management Agreement or the Intra-Group Services Agreement continuously for 30 Days or more or a breach of the Licence, the Management Agreement or the Intra-Group Services Agreement that occurs on more than one occasion and for the avoidance of doubt includes inadequate performance;

“Pricing” means:

- (a) in the case of a Bond Issuance, the date on which the issue price (being the interest rate and initial sale price) is finalised;
- (b) in the case of a Facility Agreement, the date on which an Approved Borrower submits the initial drawdown request pursuant to the relevant Loan Agreement; and
- (c) in the case of a Further Drawdown, the Working Day on which the Issuer agrees to sell bonds which were retained by it on Closing of the relevant Bond Issuance;

“Principal Capital Raising Documentation” has the meaning given to that term in Condition B3.1.1;

“Private Rented Guarantee Scheme” means the Housing Guarantee Scheme for the Private Rented Sector;

“Quarter Date” means each of 31 March, 30 June, 30 September and 31 December;

“Quarterly Risk Report” has the meaning given in paragraph 1.4 of Schedule 8;

“Recommendation” has the meaning given in paragraph 1.1(C) of Schedule 5;

“Report on Certificate of Title” means an overview report on the relevant Certificate of Title in substantially the form approved by the Guarantor, prepared by a Panel Solicitor and addressed to the Issuer, the Licensee and the Guarantor;

“Reporting Procedures” means the procedures set out in Schedule 7, as supplemented from time to time by the Operations Manual;

“Repricing Trigger” has the meaning given to that term in paragraph 1.4(B) of Schedule 3;

“Requests for Information” shall have the meaning set out in FOIA or any apparent request for information under the FOIA or the Environmental Information Regulations;

“Reserve Amount” means an additional amount potentially available to one or both of the Affordable Housing Guarantee Scheme and the Private Rented Guarantee Scheme, up to an aggregate amount for both of £3 billion;

“Retained Bond Issuance” means a Bond Issuance with provision for part but not all of the bonds to be issued to be retained by the Issuer and subsequently sold;

“Revenue” has the meaning given in Condition B10.4.3 of this agreement;

“Scheme Objectives” means the objectives of the Private Rented Guarantee Scheme, which are to:

- (a) provide the Loans at the lowest possible cost for a given loan maturity, taking into account all fees and intermediation costs;
- (b) control and mitigate the risk to which the Guarantor is exposed by ensuring that effective procedures are in place for the assessment, approval and administration of the Loans and associated security for the term of the Licence; and
- (c) ensure flexibility of debt provision and ease of access to potential borrowers, supported by efficient policies and procedures for the evaluation of proposed loans and projects;

“Scheme Rules” means the base eligibility criteria for qualifying schemes and the key commercial terms for the Loans as set out in Schedule 1;

“Security Agent” means the security agent appointed under the terms of, or in relation to, the relevant Loan Documentation;

“Security Document” means any:

- (a) Fixed Charge;
- (b) Floating Charge;

- (c) Approved Borrower Share Charge;
- (d) Liquidity Reserve Trust Deed;
- (e) Sinking Fund Trust Deed;
- (f) Subordination Agreement; and
- (g) Security Trust and Intercreditor Deed;

“Security Portfolio” means the properties charged by the Approved Borrower in favour of the Issuer and/or the Security Agent pursuant to the Fixed Charge;

“Security Procedures” means the procedures set out in Schedule 6, as supplemented from time to time in accordance with the Operations Manual;

“Security Requirement” means the requirement set out in paragraph 1.2 of Schedule 6, as adjusted in accordance with paragraph 1.6 of Schedule 8;

“Security Trust and Intercreditor Deed” means a security trust and intercreditor deed (or equivalent) between, among others, the Issuer, an Approved Borrower, the Guarantor and the Security Agent;

“Set-up Costs” means the aggregate of:

- (a) fees payable to rating agencies, bond dealers, legal fees and other professional costs actually incurred:
 - (i) by the Licensee directly; or
 - (ii) by Venn or the Issuer and recharged to the Licensee under the Management Agreement or Intra-Group Services Agreement as applicable,

in each case, in connection with the establishment of the Private Rented Guarantee Scheme, the Licensee and the Issuer and the involvement of the Licensee and the Issuer in the Private Rented Guarantee Scheme, subject to a maximum amount (exclusive of VAT) equal to [information redacted under section 43 of the FOI act]; and

- (b) an amount equal to [information redacted under section 43 of the FOI act] being the aggregate of the sterling amounts set out in [information redacted under section 43 of the FOI act] against the line items “Salaries”, “Accommodation”, “IT” and “Other” under the heading “Capital Raising and Loan Transaction Costs” in the section marked “Charges to Licensee” in the column marked “Fixed” under “Set-up Costs”;

“Sinking Fund” means, in relation to a Loan, any sums held by the Issuer on trust for the Approved Borrower under the terms of the relevant Sinking Fund Trust Deed;

“Sinking Fund Trust Deed” means the trust deed to be entered into between an Approved Borrower and the Issuer pursuant to which the Issuer will agree to hold any monies held in the Sinking Fund on trust for the Approved Borrower and which, alone or together with the Security Documents, creates a first fixed charge in favour of the Issuer over the monies held in the Sinking Fund;

“Special Servicing Costs” means the costs actually incurred by Venn in procuring the Special Servicing Services on behalf of the Licensee (as shown in the Venn Quarterly Management Accounts);

“Special Servicing Services” means the special servicing services carried out by the Licensee (including for the benefit of the Issuer under the Intra-Group Services Agreement) in relation to the Loans in accordance with the Increased Monitoring Procedures and the Intervention Procedures;

“State Aid” means a benefit:

- (a) conferred by a member state of the European Union (or through that member state’s resources); and
- (b) favouring a particular undertaking,

which is likely to distort both competition and inter-state trade in the European Union;

“State Aid Rules” means the treaties, laws, directives and regulations of the European Union governing State Aid;

“Step-In” means the exercise of the rights exercisable by the Guarantor or the Step-In Representative pursuant to a Step-In Notice;

“Step-In Decision Period” means the period defined in Condition A37.2;

“Step-In Notice” means a notice served under Condition A37.3;

“Step-In Representative” means a representative appointed by the Guarantor under Condition A37.3;

“Step-In Trigger” means an event as defined in Condition A37.1;

“Step-Out Date” means the date that is not less than 10 Working Days after the service of a Step-Out Notice;

“Step-Out Notice” means a notice served in accordance with Condition A37.6;

“£”, “GBP” and **“sterling”** denote the lawful currency of the United Kingdom;

“Subordination Agreement” means a subordination agreement between an Approved Borrower, the Security Agent and the subordinated creditors referred to therein;

“Subsequent Completion” means, in relation to an Approved Borrower and a Loan, completion of a subsequent project relating to that Loan in accordance with the conditions specified at the issue of the Letter of Comfort;

“Subsidiary” has the meaning given to it in Section 1159 of the Companies Act 2006;

“Taxation” means any form of tax, levy, impost, duty or other charge or withholding of a similar nature;

“TUPE” means the Transfer of Undertakings (Protection of Employment) Regulations 2006;

“UK Corporate Governance Code” means the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time, or if the UK Corporate Governance Code is no longer in existence, another similar set of standards of good practice in relation to corporate governance as agreed between the Parties, acting reasonably;

“Valuation” means a valuation report prepared by a Panel Valuer in accordance with instructions substantially in the form approved by the Guarantor pursuant to Condition B3.1.2 and addressed to the Issuer, the Licensee and the Guarantor and “Valued” shall be construed accordingly;

“Value” means the value of a charged property as set out in the most recent Valuation in respect of that property;

“VAT” or **“Value Added Tax”** means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere;

“Venn” means Venn Partners LLP, a limited liability partnership incorporated in England and Wales with registered number OC347544;

“Venn Actual Administration Costs” means [information redacted under section 43 of the FOI act]

“Venn Budgeted Administration Costs” mean, [information redacted under section 43 of the FOI act];

“Venn Quarterly Management Accounts” means, in respect of a given Financial Quarter, the quarterly management accounts of Venn for the Private Rented Guarantee Scheme for such Financial Quarter in the form set out in the Operations Manual;

“Volume Scenario” means a hypothetical scenario based on a projection of the total committed amount of all outstanding Loans under the Private Rented Guarantee Scheme; and

“Working Day” means a Day (other than a Saturday or Sunday) on which banks are open for general business in London.

2. INTERPRETATIONS

- 2.1 The terms and conditions of this Licence shall take precedence over any other terms or conditions set out in other documents either forming the Licence or referred to in the Licence unless such documents include an express statement to the contrary.
- 2.2 Unless the context requires otherwise, the masculine includes the feminine and the neuter and vice versa.
- 2.3 Unless the context requires otherwise, the singular includes the plural and vice versa.
- 2.4 The words “include”, “includes” and “including” are to be construed as if they were immediately followed by the words “without limitation”.
- 2.5 Reference to any statute, enactment, order, regulation or other similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as amended by any subsequent statute, enactment, order, regulation or instrument or as contained in any subsequent re-enactment thereof. In the case of a statute or statutory provision, the reference shall also be construed as a reference to all subordinate legislation made under such statute or statutory provision.
- 2.6 Reference to any person shall include all legal persons of whatever kind and however constituted.
- 2.7 Unless the context requires otherwise, references to Conditions, paragraphs, sub-paragraphs and Schedules are to conditions, paragraphs and sub-paragraphs of, and schedules to, this Licence.
- 2.8 Reference to a Condition is a reference to the whole of that Condition unless stated otherwise.
- 2.9 Reference to a paragraph is a reference to a paragraph within a Condition or a Schedule (as applicable) unless stated otherwise.
- 2.10 Reference to a Condition or Sub-Condition containing the prefix “A” or “B” is a reference to a Condition or Sub-Condition or Sub-Condition appearing within Part A (*General Conditions of Licence*) or Part B (*Licensee’s Performance Conditions relating to the Delivery and Management of the Private Rented Guarantee Scheme*) respectively.
- 2.11 Reference to “close of business” shall mean 5 p.m. London time.

- 2.12 The headings to the Conditions are included for ease of reference and shall not affect their interpretation.
- 2.13 In the event of any conflict between the terms of the Operations Manual and the terms of this Licence, the terms of this Licence shall prevail.

3. **UNDERTAKINGS, WARRANTIES AND REPRESENTATIONS**

- 3.1 Without prejudice to any other warranties expressed in the Licence or implied by law the Licensee warrants and represents that:

- 3.1.1 it is validly incorporated, in existence, duly registered and has full capacity and authority and all necessary consents, including where required the consent of its parent company, to execute, deliver, enter into and to perform the Licence and that the Licence has been executed by a duly authorised representative of the Licensee;
- 3.1.2 the Issuer is validly incorporated, in existence and duly registered and is a wholly owned Subsidiary of the Licensee;
- 3.1.3 the Licence shall be performed in compliance with all applicable laws, enactments, orders, regulations and other similar instruments;
- 3.1.4 the obligations of the Licensee under the Licence constitute, and the obligations of the Licensee under any other document to be entered into by the Licensee will when entered into constitute, binding obligations of the Licensee in accordance with their respective terms;
- 3.1.5 the obligations of the Issuer under the Intra-Group Services Agreement and under any other document to be entered into by the Issuer will when entered into constitute, binding obligations of the Issuer in accordance with their respective terms;
- 3.1.6 the execution, delivery, entry into and performance of this Licence and any other documentation to be entered into by the Licensee will not:
 - (a) result in a breach of any provision of the memorandum or articles of association of the Licensee;
 - (b) result in a breach of, or constitute a default under, any instrument by which the Licensee is bound; or
 - (c) result in a breach of any applicable laws, enactments, orders, regulations and other similar instruments;
- 3.1.7 the execution, delivery, entry into and performance of the Intra-Group Services Agreement and any other documentation to be entered into by the Issuer will not:

- (a) result in a breach of any provision of the memorandum or articles of association of the Issuer;
 - (b) result in a breach of, or constitute a default under, any instrument by which the Issuer is bound; or
 - (c) result in a breach of any applicable laws, enactments, orders, regulations and other similar instruments;
- 3.1.8 it shall discharge its obligations hereunder in accordance with Good Industry Practice;
- 3.1.9 none of the events listed in Condition A27.1.2, A27.1.3, A27.1.4 and A27.1.5 has occurred and is continuing;
- 3.1.10 no unsatisfied judgment is outstanding against the Licensee or the Issuer;
- 3.1.11 neither the Licensee nor the Issuer is in default in the payment of any due and payable taxes or in the filing, registration or recording of any document or under any legal or statutory obligation or requirement which might have a material adverse effect on their respective businesses, assets or financial condition or the Licensee's ability to observe or perform its obligations under this Licence;
- 3.1.12 save as fully, fairly and specifically disclosed in the Disclosure Letter:
 - (a) none of Venn, the Licensee or the Issuer are engaged in any litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings, whether as claimant, defendant or otherwise; and
 - (b) no litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings by or against Venn, the Licensee or the Issuer is pending, threatened or expected. So far as the Licensee is aware, there is no fact or circumstance likely to give rise to any litigation, arbitration, mediation or administrative or criminal proceedings by or against Venn, the Licensee or the Issuer;
- 3.1.13 that the Licensee shall (and shall procure that the Issuer shall) comply with all applicable laws in force from time to time and shall ensure that it and the Issuer have all necessary and relevant licences in place;
- 3.1.14 it is a wholly-owned Subsidiary of Venn; and
- 3.1.15 it and the Issuer are both resident for Taxation purposes in the United Kingdom.
- 3.2 The Licensee undertakes that neither it nor the Issuer shall carry on, or have any direct or indirect interest in, any business or activity other than as contemplated by this Licence. For the avoidance of doubt, this shall include any activities which are associated with or reasonably incidental or preparatory to those which are contemplated by this Licence.

- 3.3 The Licensee undertakes that the Issuer shall remain a wholly owned subsidiary of the Licensee.

4. **STATUS OF LICENCE**

- 4.1 Nothing in the Licence has or shall be construed as having the effect of creating a partnership, a contract of employment or a relationship of principal and agent between the Licensee, or any of the Licensee's Personnel, and the Guarantor.
- 4.2 The Licensee shall not (and shall procure that the Licensee's Personnel do not) say or do anything that might lead any other person to believe that the Licensee or the Licensee's Personnel are acting as the partner, employee or agent of the Guarantor.
- 4.3 The Licensee shall not (and shall procure that the Licensee's Personnel do not) hold themselves out as having authority to bind the Guarantor.

5. **AMENDMENTS AND VARIATIONS**

- 5.1 No amendment or variation to the Licence shall be valid unless it has first been communicated and agreed by the Licence Managers of each of the Parties in writing or by email.

6. **PURPOSE OF THE LICENCE AND EXCLUSIVITY**

- 6.1 The Guarantor hereby grants a licence to the Licensee for the management and delivery of the Private Rented Guarantee Scheme.
- 6.2 The cumulative aggregate of the principal amount of each Capital Raising which is or has been the subject of a Debt Capital Guarantee (the "**Cumulative Guarantee Amount**") shall at no time exceed £3.5 billion. The Guarantor may, at its sole discretion, agree to issue further Debt Capital Guarantees and/or Debt Capital Guarantee Confirmations in excess of this limit, provided that the aggregate principal amount of Capital Raisings the subject of such further Debt Capital Guarantees and/or Debt Capital Guarantee Confirmations (as applicable) shall not exceed the Reserve Amount of £3.0 billion, with the result that the Cumulative Guarantee Amount shall at no time exceed £6.5 billion.
- 6.3 The Licensee shall comply with the terms of the Licence and shall:
- 6.3.1 manage the effective and efficient delivery of the Private Rented Guarantee Scheme, taking all necessary steps to deliver the objectives in Condition A6.5 and exercising all due skill, knowledge, care and diligence and acting in accordance with Good Industry Practice in so doing; and
- 6.3.2 comply with and fulfil the Licensee's obligations as set out in Parts A and B and the Schedules of this Licence.
- 6.4 Guarantees may be given in respect of either:
- 6.4.1 the payment obligations of an Approved Borrower pursuant to a Loan; and/or

- 6.4.2 the payment obligations of the Issuer in respect of any Capital Raising for the sole purpose of on-lending to one or more Approved Borrowers in accordance with conditions set out in Condition B6.
- 6.5 The Licensee will deliver the following objectives:
 - 6.5.1 raise debt capital (including procuring the Issuer to raise debt capital) for the sole purpose of on-lending to Approved Borrowers (including, without limitation, by applying amounts to a Liquidity Reserve), whether by issuing bonds or employing other structures and instruments;
 - 6.5.2 appoint (including procuring the Issuer to appoint) appropriately regulated intermediaries to market the debt capital to investors;
 - 6.5.3 undertake lending activities (including procuring the Issuer to make loan advances), which will include but not be limited to, the development of demand from borrowers, undertaking risk analysis and project appraisals, the completion of related documentation and security matters, arranging Loans pursuant to which the Issuer will make advances and provision of on-going loan administration, monitoring and management reporting;
 - 6.5.4 market the loan products to borrowers; and
 - 6.5.5 control and mitigate the Guarantor's risk through highly professional loan and security assessment, approval and administration services.
- 6.6 Subject to Condition A6.8, the Guarantor shall not, prior to the expiry of the Guarantee Availability Period, make available the provision of a guarantee in respect of loans pursuant to the Private Rented Guarantee Scheme other than to, or in respect of capital raised by, the Issuer for the purpose of the Private Rented Guarantee Scheme.
- 6.7 By mutual agreement, the Guarantor and the Licensee may extend the Guarantee Availability Period by up to one year to 31 December 2017. For the avoidance of doubt, there is no obligation on the Guarantor to offer to grant an extension and there is no obligation on the Licensee to accept an extension if offered.
- 6.8 In the event that a Loan Applicant who meets the eligibility criteria set out in the Scheme Rules in Schedule 1 is able to demonstrate to the Guarantor that, given a guarantee from the Guarantor, it has a firm offer of funding in its own name from another lender on materially better terms (whether as to interest, fees, operating or financial restrictions or any other aspect of a Loan) than those being offered by the Licensee, then the exclusivity granted in the Licence shall not apply for any such transaction to enable that Loan Applicant to borrow from the alternative source with the benefit of, subject to the Guarantor's approval, a guarantee from the Guarantor.

7. **PAYMENTS**

For the avoidance of doubt there will be no monetary amount payable by either Party in respect of the grant of the Licence save for the Issuer Guarantor Fee or as contemplated in the [information redacted under section 43 of the FOI act]. Further, the

Guarantor shall not be liable to the Licensee, the Issuer or Venn for any loss of use, loss of profits or any indirect damages, special damages or consequential loss, howsoever arising, whether as a result of breach of contract, negligence or other tort, misrepresentation, statutory duty or otherwise and whether or not the Party committing the breach knew, or ought to have known, as at the date hereof, that such loss would be likely to be suffered as a result of such breach.

8. TAX ARRANGEMENTS

8.1 In performing its obligations under the Licence, the Licensee is prohibited from taking or seeking to take advantage of any particular taxation regime (including the use of any offshore tax haven) which will or may enable the Licensee or the Issuer to avoid liability for any taxation in the United Kingdom. In the event that the Licensee or the Issuer or the Licensee's Personnel or anyone acting on the Licensee's behalf (with or without its knowledge) breaches this Condition, the Guarantor reserves the right to terminate the Licence by notice in writing with immediate effect and recover from the Licensee any loss resulting from such termination including the administrative costs of re-tendering the requirement and any difference in the rates or prices which the Guarantor may have to pay to a new Licensee where such rates or prices are higher than the rates or prices payable under the Licence.

8.2 The Licensee shall (and shall procure that the Issuer shall) remain resident for Taxation purposes in the United Kingdom.

9. DURATION

9.1 This Licence shall commence on the Effective Date.

9.2 Subject to termination in accordance with the provisions of this Licence, the end date of the Licence shall be the earlier of:

9.2.1 the date two years after the last date on which a final repayment is due under any Loan in accordance with the terms of that Loan as originally entered into; or

9.2.2 31 March 2054.

10. REVIEW OF THE LOAN ADMINISTRATION SERVICES, ISSUER ADMINISTRATION SERVICES AND SPECIAL SERVICING SERVICES

10.1 The Licensee shall commence a benchmarking and, if relevant, repricing exercise in accordance with the Benchmarking and Repricing Procedures in Schedule 3 on the seventh anniversary of this Licence and at five yearly intervals thereafter. The Licensee shall provide such information in respect of the benchmarking and, if relevant, repricing exercise as the Guarantor may reasonably require.

10.2 In the event that a Repricing Trigger occurs following a benchmarking exercise, the Guarantor reserves the right to request a repricing exercise in accordance with paragraph 2 of the Benchmarking and Repricing Procedures in Schedule 3.

- 10.3 If the Licensee concludes pursuant to paragraph 1.4(A) of Schedule 3 that a Repricing Trigger has not occurred, the Guarantor may notify the Licensee that it does not agree with that conclusion. If the Guarantor so notifies the Licensee, the Parties will discuss the matter in good faith for a period of 30 Days. If, following such discussions, the Parties are not in agreement as to whether or not a Repricing Trigger has occurred, either Party may refer the matter for dispute resolution in accordance with Condition A30.
- 10.4 In the event a Repricing Trigger occurs and the Benchmarking and Repricing Procedures in Schedule 3 do not result in a reduction of the Borrower Management Services Fee, the Borrower Professional Services Charge, the Borrower Special Servicing Fee and the Borrower Administration Charge to an amount that is acceptable to the Guarantor, the Guarantor shall be entitled to:
- 10.4.1 direct the Licensee to put the Loan Administration Services, the Issuer Administration Services and the Special Servicing Services out to tender on the basis that the terms on which the relevant services are to be supplied shall be no less beneficial, taken as a whole, to the Licensee than the terms on which they are being supplied, or to undertake the tender exercise itself (in which case the Licensee undertakes to fully co-operate with that tender exercise); and
- 10.4.2 following the conclusion of the Licensee's tender exercise, to require the Licensee to assign, novate, sub-contract or otherwise transfer its rights and obligations under this Licence insofar as they relate to the Loan Administration Services, the Issuer Administration Services and the Special Servicing Services (the "**Licence Transfer**") to the winning bidder, provided always that:
- (a) any such Licence Transfer does not expose the Licensee to greater liability under the Licence and all other documents entered into by it in accordance with the terms of this Licence (including, without limitation, documents relating to debt capital) than it would otherwise have had; and
- (b) the transferee is properly resourced, adequately insured and undertakes to provide in accordance with Good Industry Practice all the services reasonably necessary in order for the Licensee to discharge the remainder of its obligations under this Licence and all other documents entered into by it in accordance with the terms of this Licence (including, without limitation, documents relating to debt capital).

11. **INDEMNITIES**

- 11.1 Subject to Condition A11.2, the Licensee hereby indemnifies the Guarantor against all claims, demands, actions, costs, expenses (including but not limited to legal costs and disbursements on a solicitor and client basis), losses and damages arising from any failure by the Licensee to comply with the terms and conditions of this Licence.

11.2 If:

11.2.1 any sub-licensees, sub-contractors or advisers engaged in connection with the performance of the Licence have provided undertakings on terms no less onerous than those set out in these terms and conditions to the Guarantor in respect of the carrying out of their obligations; and

11.2.2 such sub-licensees, sub-contractors or advisers have paid to the Guarantor such sum as it would be just and equitable for them to pay having regard to the extent of their responsibility for the loss and damage,

then the liability of the Licensee under Condition A11.1 shall be limited to such sums as it would be just and equitable for the Licensee to pay having regard to the extent of its responsibility for the loss or damage.

11.3 The indemnity contained in Condition A11.1 shall not apply to the extent that the loss, damage or personal injury (including death) is caused by the negligent or wilful act of the Guarantor, its employees or agents.

11.4 The Guarantor undertakes not to make any claims against the Licensee's Personnel to the extent that the Licensee is vicariously liable for the actions of those Personnel of the Licensee.

12. INTELLECTUAL PROPERTY RIGHTS

12.1 If required for the delivery under this Licence by the Licensee, the Guarantor hereby permits the Licensee and the Issuer (if applicable) to use the Guarantor's Intellectual Property Rights for the purposes of this Licence; this is subject to the prior written approval of the Guarantor.

12.2 If the Licensee assigns, novates, sub-licences or sub-contracts a part of this Licence in accordance with the provisions of Condition A32, the Guarantor will grant the transferee, sub-licensee or sub-contractor rights to use the Guarantor's Intellectual Property Rights so far as is necessary for the purposes of the assignment, novation, sub-licence or sub-contract.

13. PROPERTY RIGHTS IN INTELLECTUAL PROPERTY

13.1 The Intellectual Property Rights of each Party shall remain the property, respectively, of each Party. Neither Party shall acquire any rights in the other Party's Intellectual Property Rights except as expressly provided in this Licence. This Licence shall not operate as an assignment by either Party to this Licence of any of its Intellectual Property Rights.

13.2 Each Party to this Licence reserves its rights under this Licence (including all its rights to take enforcement action in respect of the same) in relation to any use of its Intellectual Property Rights by the other Party (or, in the case of the Guarantor's Intellectual Property Rights, by any of the Licensee's Personnel) which is not permitted under this Licence.

- 13.3 Subject to Condition A12, the Licence does not grant to either Party any right to use any of the trademarks, service marks, business names or logos of the other Party.
- 13.4 The provisions of this Condition A13 shall continue to operate after the termination of this Licence.
- 13.5 The Guarantor shall immediately notify the Licensee if any claim or demand is made or action brought against the Guarantor for infringement or alleged infringement of any Intellectual Property Rights in connection with this Licence.
- 13.6 The Licensee shall at its own expense conduct any litigation arising in connection with any claim or demand made or action brought against the Guarantor, the Licensee or the Issuer by any third party for infringement or alleged infringement of any Intellectual Property Rights in connection with the performance of the Licence and all negotiations in connection therewith.
- 13.7 The Guarantor shall at the request and cost of the Licensee afford to the Licensee all reasonable assistance for the purpose of contesting any claim or demand made or action brought against the Guarantor or the Licensee or the Issuer for infringement or alleged infringement of any Intellectual Property Rights in connection with the performance of the Licence.
- 13.8 The Guarantor shall not make any admissions which may be prejudicial to the defence or settlement of any claim, demand or action for infringement or alleged infringement of any Intellectual Property Right by the Guarantor, the Licensee or the Issuer in connection with the performance of the Licence.

14. **INSURANCE**

- 14.1 In addition to any insurances legally required, the Licensee shall and shall procure that the Issuer shall effect and maintain with an insurance company or companies acceptable to the Guarantor a policy or policies of insurance to provide professional indemnity cover in a sum not less than £5,000,000 and directors and officers insurance in a sum of not less than £5,000,000 and employer's liability insurance in a sum of not less than £5,000,000.
- 14.2 Where the Licensee assigns, novates, sub-licences or sub-contracts part of this Licence (other than at the request of the Guarantor pursuant to Condition A33), the Licensee shall procure that any transferee, sub-licensee or sub-contractor effects and maintains insurance to cover its liabilities under that assignment, novation, sub-licence or sub-contract, and shall procure that where any sub-licensee or sub-contractor effects professional indemnity insurance, directors' and officers' cover, and employers' liability insurance, the insurance policies and any renewals shall cover liabilities during the term of the sub-Licence or sub-contract and for six years after the expiry or earlier termination of the sub-Licence or sub-contract, but this shall not relieve the Licensee of any of his obligation and liabilities under the Licence.
- 14.3 Where, in compliance with Condition A14.1, the Licensee effects (or procures the Issuer to effect) professional indemnity insurance, directors' and officers' insurance, and employers' liability insurance, the Licensee shall ensure that the insurance policies and

any renewals shall cover liabilities under this Licence during the term of the Licence and for six years after the expiry or earlier termination of the Licence.

- 14.4 Upon request by the Guarantor, the Licensee shall (and the Licensee shall procure that the Issuer shall, if so requested by the Guarantor) provide a certificate signed by two directors confirming that the policies approved by the Guarantor pursuant to Condition A14.1 may remain in full force and effect and that the Licensee is not aware of any matter which would render the policies void or voidable, together with receipts or other evidence of payment of the latest premiums due under such policies.

- 14.5 The terms of any insurance or the amount of cover shall not relieve the Licensee of any liabilities under this Licence.

15. **FORCE MAJEURE AND BUSINESS CONTINUITY**

- 15.1 If either Party (the “**Affected Party**”) becomes aware of circumstances of Force Majeure which give rise or which are likely to give rise to any delay in or failure to perform its obligations under the Licence, then the Affected Party shall immediately give notice in writing to the other Party by the most expeditious method available setting out:

15.1.1 the fullest details of the Force Majeure available to the Affected Party;

15.1.2 the Affected Party's reasonable estimate of the period for which that delay or failure will continue; and

15.1.3 details of the steps being taken, or intended to be taken, by the Affected Party to mitigate the Force Majeure.

- 15.2 The Affected Party shall not be in breach of this Licence to the extent that such delay or failure results from or is caused directly by Force Majeure. The Affected Party shall use its reasonable endeavours to mitigate the consequences of the Force Majeure, save that the Affected Party shall not be obliged to take any action that conflicts or might reasonably be construed as conflicting with any applicable law or regulatory requirement.

- 15.3 The Affected Party shall give immediate notice in writing to the other Party of any cessation of the Force Majeure, upon which the Affected Party shall immediately resume the fulfilment of its full obligations under this Licence.

- 15.4 The Licensee shall and shall procure that the Issuer and the Licensee's sub-licensees and sub-contractors maintain at all times a disaster recovery and business continuity plan, in accordance with Good Industry Practice, in respect of a Force Majeure event or any other event which may affect the Licensee's ability to meet its obligations under the Licence (including, but not limited to, loss of computer and business systems, loss or failure of equipment, loss of utilities or premises, industrial relations problems, and loss of Licensee's Personnel). Such plans shall be delivered to the Guarantor on request and in any event within three months of the Effective Date. The Guarantor shall be entitled to make suggested changes to the plans which the Licensee, acting reasonably, shall consider and, after consultation and agreement with the Guarantor, put in place.

16. **CORRUPT GIFTS AND PAYMENTS**

- 16.1 For the purposes of this Condition A16, the term, “**Associated Persons**” shall have the meaning given to it in the Bribery Act 2010.
- 16.2 The Licensee shall not, and will procure that its Associated Persons do not, engage in any activity, practice or conduct which would give rise to an offence under or breach of any relevant anti-bribery and anti-corruption laws, regulations or codes including, without limitation, the Bribery Act 2010.
- 16.3 The Licensee shall not conspire with any person to do any of the activities, practices or conduct mentioned in Condition A16.2.
- 16.4 In the event that the Licensee or any Associated Persons of the Licensee or anyone acting on the Licensee’s behalf (with or without its knowledge) breaches Condition A16.2 or A16.3, the Guarantor reserves the right to terminate the Licence by notice in writing with immediate effect and recover from the Licensee any loss resulting from such termination, including the administrative costs of re-tendering the services to be provided under the Licence.
- 16.5 Any decision of the Guarantor in relation to Condition A16.4 shall be final and conclusive.

17. **DISCRIMINATION**

- 17.1 The Licensee shall not unlawfully discriminate directly or indirectly or by way of victimisation or harassment within the meaning and scope of any applicable law, enactment, order or regulation or other similar instrument relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment including, but not limited to, the Race Relations Act 1976, the Sex Discrimination Acts 1975 and 1986, the Disability Discrimination Acts 1995 and 2005, the Employment Equality Regulations, the Equal Pay Act 1970 and the Equality Act 2010.
- 17.2 The Licensee shall take all reasonable steps to ensure the observance of Condition A17.1 by the Licensee’s Personnel.
- 17.3 The Licensee shall notify the Guarantor’s Licence Manager in writing as soon as it becomes aware of any investigation or proceedings brought against the Licensee in relation to unlawful discrimination in connection with the Licensee’s performance of the Licence. The Licensee shall promptly provide the Guarantor access to any documents or information relevant to the investigation or proceedings and shall permit a representative from the Guarantor to attend any associated meetings. The Licensee shall impose on the Issuer and its sub-licensees or sub-contractors obligations in substantially similar terms to those set out in this Condition A17.

18. **THIRD PARTY RIGHTS**

- 18.1 A person who is not a Party to the Licence shall have no right by virtue of the Contracts (Rights of Third Parties) Act 1999, to enforce any of its provisions which expressly or by

implication confer a benefit on him or her without prior written agreement of both Parties. This Condition does not affect any right or remedy of a third party which exists or is available other than by virtue of the Contracts (Rights of Third Parties) Act 1999.

18.2 The terms of the Management Agreement shall provide that the Guarantor shall have the right to enforce any provision of the Management Agreement which expressly confers a benefit on the Guarantor under the Contracts (Rights of Third Parties) Act 1999.

18.3 The terms of the Intra-Group Services Agreement shall provide that the Guarantor shall have the right to enforce any provision of the Intra-Group Services Agreement which expressly confers a benefit on the Guarantor under the Contracts (Rights of Third Parties) Act 1999.

19. **ENVIRONMENTAL REQUIREMENTS**

19.1 The Licensee shall (and shall procure that the Issuer shall) comply in all material respects with all applicable environmental laws and regulations in force from time to time in relation to the Licence.

19.2 In performing its obligations under the Licence the Licensee shall (to the extent applicable to the Licence) use its reasonable endeavours (and shall procure that the Issuer shall use its reasonable endeavours to):

19.2.1 demonstrate low carbon resource efficiency, including minimising the use of energy, water, wood, paper and other resources;

19.2.2 reduce waste;

19.2.3 phase out the use of ozone depleting substances; and

19.2.4 minimise the release of greenhouse gases (including carbon dioxide emissions), volatile organic compounds and other substances damaging to health and the environment.

19.3 All written work, including reports, in connection with the Licence shall (unless otherwise specified) be produced on recycled paper containing at least 80 per cent. post consumer water and used on both sides where appropriate.

19.4 Without prejudice to the generality of the foregoing, the Licensee shall promptly provide all such information regarding the environmental impact of the Licence as may reasonably be requested by the Guarantor.

19.5 The Licensee shall meet all reasonable requests by the Guarantor for information evidencing compliance with the provisions of this Condition A19 by the Licensee.

20. **NOTICES**

- 20.1 Except as otherwise expressly provided within the Licence, no notice or other communication from one Party to the other shall have any validity under the Licence unless made in writing by or on behalf of the Party concerned.
- 20.2 Any formal notice or other communication pursuant to the Licence must be given in English by letter (sent by hand, first class post, registered post or by recorded delivery) or transmitted by facsimile or electronic mail (confirmed by letter in either case) to the address of the other Party set out in the Licence or as notified to the other Party from time to time and, in the case of notices to the Licensee, copied to Venn at the address notified by the Licensee to the Guarantor from time to time. Provided the relevant notice or communication is not returned as undelivered, the notice or communication shall be deemed to have been given two Working Days after the Day on which the letter is posted or four hours between the hours of 9am and 5pm on a Working Day, in the case of letters handed over, facsimile transmission and electronic mail or sooner where the other Party acknowledges receipt of such notice or communication.

21. **CONFIDENTIALITY**

21.1 Each Party:

21.1.1 shall treat all Confidential Information belonging to the other Party as confidential and safeguard it accordingly; and

21.1.2 shall not disclose any Confidential Information belonging to the other Party to any persons other than the Licensee's Personnel without the prior written consent of the other Party, except:

- (a) to such persons and to such extent as may be necessary for the performance of the Licence or where disclosure is otherwise expressly permitted by the provisions of the Licence; and
- (b) provided always that any such person complies with the restrictions contained in this Condition as if such a person were a party to the Licence.

21.2 The Licensee shall take all necessary precautions to ensure that all Confidential Information obtained from the Guarantor under or in connection with the Licence:

21.2.1 is given only to such Personnel of the Licensee engaged to advise it in connection with the Licence as is strictly necessary for the performance of the Licence and only to the extent necessary for the performance of the Licence; and

21.2.2 is treated as confidential and not disclosed (without prior approval) or used by the Licensee or any of the Licensee's Personnel otherwise than for the purposes of the Licence.

- 21.3 The Licensee shall ensure that the Issuer and (where it is considered necessary in the opinion of the Guarantor) the Licensee's Personnel (and any personnel of the Issuer) shall sign a confidentiality undertaking prior to any involvement in the Licence. If the Licensee is unable to obtain a confidentiality undertaking from the Licensee's Personnel for reasons beyond the Licensee's control, then the members of the Licensee's Personnel who have not signed a confidentiality undertaking will not be permitted to work on any matter relating to the Licence or the performance of obligations under it, without the prior written consent of the Guarantor.
- 21.4 The provisions of Conditions A21.1 to A21.3 shall not apply to any Confidential Information received by one Party from the other:
- 21.4.1 which is or becomes public knowledge (otherwise than by a breach of this Condition A21);
 - 21.4.2 which was in the possession of the receiving Party, without restriction as to its disclosure, before receiving it from the disclosing Party;
 - 21.4.3 which is received from a third party who lawfully acquired it and who is under no obligation restricting its disclosure;
 - 21.4.4 which has been independently developed by the receiving Party without access to the Confidential Information; or
 - 21.4.5 which must be disclosed pursuant to a legal obligation placed upon the Party making the disclosure including, but not limited to, obligations under FOIA and Environmental Information Regulations.
- 21.5 Nothing in this Condition A21 shall prevent the Guarantor from:
- 21.5.1 disclosing any Confidential Information for the purposes of the examination and certification of the Guarantor's accounts or any examination pursuant to the National Audit Act 1983 and/or the Budget Responsibility and National Audit Act 2011 (as applicable);
 - 21.5.2 disclosing any Confidential Information to any government department, office or agency or to any person engaged in providing any services to the Guarantor for any purpose relating to or ancillary to the Licence providing that in disclosing the Confidential Information the Guarantor discloses only the information which is necessary for the purpose concerned and requires that the information is treated in confidence and that a confidentiality undertaking is given where appropriate; or
 - 21.5.3 disclosing any Confidential Information relating to the Licence, including payments made under the Licence, to the Cabinet Office or in accordance with the provisions of Condition A24.

22. **OFFICIAL SECRETS ACT**

- 22.1 The Licensee shall take all reasonable steps to ensure that the Licensee's Personnel are aware of the provisions of the Official Secrets Acts 1911 to 1989 and Section 182 of the Finance Act 1989, and understand that these provisions apply during and after the Licence.

23. **DATA PROTECTION**

- 23.1 For the purposes of this Condition A23, the terms "Personal Data", "Data Processor", "Data Subject" and "Data Controller" shall have the meaning prescribed under the DPA.

- 23.2 The Licensee undertakes to abide by and procure that the Licensee's Personnel abide by the provisions of the DPA and the Licensee shall co-operate with the Guarantor to enable the Guarantor to discharge its obligations under the DPA and shall not perform its obligations under the Licence in such a way as to cause the Guarantor to breach any of its applicable obligations under the DPA.

- 23.3 The Licensee shall:

23.3.1 process the Personal Data only in accordance with instructions from the Guarantor (which may be specific instructions or instructions of a general nature as set out in the Licence or as otherwise notified by the Guarantor to the Licensee during the term);

23.3.2 process the Personal Data only to the extent, and in such manner, as is necessary to fulfil the Licensee's obligations under the Licence or as is required by law or any regulatory body and under no circumstances may such data be processed by the Licensee for any other purpose;

23.3.3 implement appropriate technical and organisational measures to protect the Personal Data against unauthorised or unlawful processing and against accidental loss, destruction, damage, alteration or disclosure. These measures shall be appropriate to the harm which might result from any unauthorised or unlawful processing, accidental loss, destruction or damage to the Personal Data and having regard to the nature of the Personal Data which is to be protected;

23.3.4 take reasonable steps to ensure the reliability of any Licensee's Personnel who have access to the Personal Data;

23.3.5 obtain prior written consent from the Guarantor in order to transfer the Personal Data to any sub-licensees or sub-contractors;

23.3.6 ensure that all Licensee's Personnel required to access the Personal Data are informed of the confidential nature of the Personal Data and comply with the obligations set out in this Condition A23;

23.3.7 ensure that none of Licensee's Personnel publish, disclose or divulge any of the Personal Data to any third party unless directed in writing to do so by the Guarantor;

23.3.8 notify the Guarantor (within seven Days) if it receives:

- (a) a request from a Data Subject to have access to that person's Personal Data; or
- (b) a complaint or request relating to the Guarantor's obligations under the DPA;

23.3.9 provide the Guarantor with full cooperation and assistance in relation to any complaint or request made, including by:

- (a) providing the Guarantor with full details of the complaint or request;
- (b) complying with a data access request within the relevant timescales set out in the DPA and in accordance with the Guarantor's instructions;
- (c) providing the Guarantor with any Personal Data it holds in relation to a Data Subject (within the timescales required by the Guarantor); and
- (d) providing any information requested by the Guarantor;

23.3.10 permit the Guarantor (subject to reasonable and appropriate confidentiality undertakings), to inspect and audit the Licensee's data processing activities (and/or those of the Issuer and of the Licensee's agents, subsidiaries and sub-licensees) and comply with all reasonable requests or directions by the Guarantor to enable it to verify and/or procure that the Licensee is in full compliance with its obligations under this Licence;

23.3.11 provide a written description of the technical and organisational methods employed by the Licensee for processing Personal Data (within the timescales required by the Guarantor);

23.3.12 not process Personal Data outside the European Economic Area without the prior written consent of the Guarantor and, where the Guarantor consents to a transfer, to comply with:

- (a) the obligations of a Data Controller under the Eighth Data Protection Principle set out in schedule 1 of the DPA by providing an adequate level of protection to any Personal Data that is transferred; and
- (b) any reasonable instructions notified to it by the Guarantor; and

23.3.13 notify the Guarantor, as soon as the Licensee becomes aware, of any accidental disclosure of Personal Data in breach of this Condition A23.

23.4 Without prejudice to Conditions A23.1, A23.2 and A23.3, the Licensee shall:

- 23.4.1 only accept instructions in respect of data processing from the Guarantor;
- 23.4.2 adopt all technical and organisational measures necessary to protect all Personal Data processed by the Licensee on behalf of the Guarantor against unauthorised or unlawful processing, accidental loss, damage or destruction; and
- 23.4.3 ensure that all Licensee Personnel involved in data processing are suitable for the task and are informed of the confidential nature of the Personal Data and comply with the obligations set out in this Condition A23.
- 23.5 With respect to the Parties' rights and obligations under the Licence, the Parties agree that the Secretary of State is the Data Controller and that the Licensee is the Data Processor. The Data Controller's nominated representative for the purposes of the DPA is the Guarantor's data protection officer.
- 23.6 Where Personal Data is held or acquired by the Guarantor in relation to this Licence the Guarantor shall use such Personal Data only for purposes relating directly to:
 - 23.6.1 the management and performance of this Licence by the Licensee;
 - 23.6.2 the provision by the Guarantor of references within the Guarantor and to other government departments, offices or agencies; and
 - 23.6.3 any other purpose required by law.
- 23.7 The Licensee hereby agrees and shall procure from any Licensee Personnel agreement to the publication by the Guarantor in any format of the following Personal Data: name and contact details. The Licensee shall provide a copy of any relevant consent to the Guarantor on request.
- 23.8 If, having regard to the circumstances in which the Guarantor processes such Personal Data, the Guarantor requires the Licensee or any Licensee Personnel to provide additional information to enable the Guarantor to process that Personal Data fairly it shall notify the Licensee in writing and the Licensee shall provide or procure the additional information within seven Days of receipt of the request.
- 24. **TUPE**
 - 24.1 The Licensee shall provide the Guarantor, and/or any other person authorised by the Guarantor who is to be invited to submit a tender in relation to the provision of similar services, with such information (including any changes to and interpretations thereof) in connection with TUPE as the Guarantor may require. The Licensee shall provide the information within 10 Days of the Guarantor's request.
 - 24.2 Where the Guarantor, pursuant to Condition A10.4, directs the Licensee to put the Administration Services and the Special Servicing Services out to tender, the Licensee shall provide any person who is invited to submit a tender (the "**Bidders**") in relation to the provision of the said Administration Services and the Special Servicing Services, with such information (including any changes to and interpretations thereof) in

connection with TUPE as the Bidders may reasonably require. The Licensee shall provide the information within 10 Days of any Bidder's request.

- 24.3 During any notice period, and/or the eight month period preceding the expiry of the License or any notice period, the Licensee shall not (and shall procure that the Issuer shall not) without the prior written consent of the Guarantor (not to be unreasonably withheld or delayed):

24.3.1 materially amend the terms and conditions of employment of any employee whose work wholly or mainly falls within the scope of this Licence;

24.3.2 materially increase the number of employees whose work (or any part of it) is undertaken for the purposes of this Licence; or

24.3.3 move or deploy any Key Personnel away from the performance of the services under this Licence.

25. **FREEDOM OF INFORMATION**

- 25.1 The Licensee acknowledges that the Guarantor is subject to the requirements of the FOIA and the Environmental Information Regulations (the "**EIR**") and shall assist and cooperate with the Guarantor (at the Licensee's expense) to enable the Guarantor comply with its Information disclosure requirements.

- 25.2 The Licensee shall and shall procure that its sub-licensees or sub-contractors (and the Issuer) shall:

25.2.1 transfer to the Guarantor any Request for Information that it receives as soon as practicable and in any event within two working Days of receiving a Request for Information;

25.2.2 provide the Guarantor with a copy of all Information in its possession or power in the form that the Guarantor requires within five working Days (or such other period as the Guarantor may specify) of the Guarantor requesting the Information; and

25.2.3 provide all necessary assistance as reasonably requested by the Guarantor to enable the Guarantor to respond to a Request for Information within the time for compliance set out in Section 10 of the FOIA or Regulation 5 of the EIR.

- 25.3 The Guarantor shall be responsible for determining at its absolute discretion and notwithstanding any other condition of this Licence whether any Information is exempt from disclosure under the FOIA or the EIR and whether any information is to be disclosed in response to a request for information.

- 25.4 In no event shall the Licensee respond directly to a Request for Information unless expressly authorised to do so by the Guarantor.

- 25.5 The Licensee acknowledges that the Guarantor may under the FOIA or the EIR be obliged to disclose Information:

25.5.1 without consulting with the Licensee; or

25.5.2 following consultation with the Licensee and having taken its views into account,

provided always that where Condition A25.5.1 applies, the Guarantor shall use reasonable endeavours to notify the Licensee of the disclosure (where reasonably possible in advance).

25.6 The Licensee shall ensure that all Information produced in the course of the Licence or relating to the Licence is retained for disclosure and shall permit the Guarantor to inspect such records as requested from time to time.

26. RIGHT TO PUBLISH AND PUBLICITY

26.1 The Parties agree that, except for any information in the Licence which would be exempt from disclosure under the provisions of the FOIA or under the EIR, the content of the Licence is not Confidential Information. The Guarantor shall, in its absolute discretion, determine whether any of the content of the Licence would be exempt from disclosure in accordance with the provisions of the FOIA or the EIR. The Licensee hereby agrees that, notwithstanding any other term of the Licence, the Guarantor may publish the Licence in its entirety to the general public including any agreed changes to the Licence, having first redacted any information which would be exempt from disclosure under the provisions of the FOIA or the EIR, before such publication.

26.2 The Guarantor may discuss with the Licensee its proposed decision with regard to whether any information should be redacted in accordance with these provisions before publication of the Licence and will consider any representations made by the Licensee with regard to the extent of the redaction, if any, but the final decision as to both redaction and publication will be for the Guarantor alone to make.

26.3 The Licensee shall assist and cooperate with the Guarantor (at the Licensee's expense) to enable the Guarantor to publish this Licence in a timely manner and the Licensee shall not seek any costs in connection with providing any such advice and cooperation.

26.4 Neither the Licensee nor the Licensee's directors, employees, servants, agents, sub-contractors or sub-licensees shall (and the Licensee shall procure that the Issuer shall not) make any press announcements or publicise the Licence or any part thereof in any way, without the prior consent in writing of the Guarantor upon such terms as may be agreed.

27. TERMINATION ON CHANGE OF CONTROL, UNLAWFULNESS AND INSOLVENCY

27.1 The Guarantor may terminate the Licence with immediate effect by notice in writing to the Licensee (or the Licensee's representative in the event of Condition A27.1.6) where:

27.1.1 the Licensee ceases to be a wholly-owned Subsidiary of Venn, or the Licensee or its parent company or ultimate parent company undergoes a change of control, within the meaning of Section 1124 of the Corporation Tax Act 2010, or the Issuer ceases to be a wholly owned subsidiary of the Licensee;

- 27.1.2 the Licensee or the Issuer passes a resolution for winding up or dissolution (otherwise than exclusively for the purposes of and followed by an amalgamation or reconstruction) or an application is made for an administration order in relation to it, or any party gives or files notice of an intention to appoint an administrator of it or such an administrator is appointed, or the court makes an administration order or a winding-up order, or the Licensee or the Issuer makes a composition or arrangement with its creditors, or an administrative receiver, receiver or manager or supervisor or provisional liquidator is appointed by a creditor or by the court, or possession is taken of any of its property under the terms of a floating charge;
 - 27.1.3 the Licensee or the Issuer is a firm, or a number of persons acting together in any capacity, and any event in Condition A27.1.2 occurs in respect of any partner in the firm or any of those persons or a petition is presented for the Licensee or the Issuer to be wound up as an unregistered company;
 - 27.1.4 the Licensee or the Issuer is unable or admits inability to pay its debts as they fall due or the value of the Licensee's or the Issuer's assets is less than its liabilities (taking into account contingent and prospective liabilities);
 - 27.1.5 any similar event occurs within the United Kingdom under the law of any other jurisdiction; or
 - 27.1.6 it is or becomes unlawful for the Licensee to perform (or to procure the Issuer to perform) any of the Licensee's obligations under the Licence.
- 27.2 The Licensee shall notify the Guarantor in writing immediately upon the occurrence of any of the events mentioned in Condition A27.1.

28. TERMINATION ON DEFAULT OR MISREPRESENTATION

- 28.1 The Guarantor may at any time by notice in writing terminate the Licence with immediate effect if the Licensee or the Licensee's Personnel is deemed by the Guarantor to have committed a Material Breach of the Licence and either:
 - 28.1.1 the Material Breach is capable of remedy and the Licensee or the Licensee's Personnel shall have failed to remedy the Material Breach within 30 Days of being required by the Guarantor in writing to do so; or
 - 28.1.2 the Material Breach is not capable of remedy.
- 28.2 Without prejudice to the provisions of Condition A28.1, where the Guarantor considers that the Licensee or the Licensee's Personnel has committed a Persistent Breach, the Guarantor shall be entitled to serve a notice on the Licensee:
 - 28.2.1 specifying that it is a notice of Persistent Breach;
 - 28.2.2 giving sufficient details of the Persistent Breach to enable the Licensee to identify the same; and

28.2.3 stating that such breach is a breach which, if it recurs or continues, may result in a termination of the Licence.

28.3 If 30 Days after service of a notice of Persistent Breach as described in Condition A28.2, the Licensee or the Licensee's Personnel has failed to demonstrate to the satisfaction of the Guarantor that the breach specified has not recurred or continued and that the Licensee or the Licensee's Personnel has put in place measures to ensure that such breach does not recur, then the Guarantor may deem such failure to be a Material Breach not capable of remedy for the purposes of Condition A28.1 and may terminate this Licence under the provisions of that Condition.

28.4 If any representation, warranty or Certificate given by the Licensee, the Issuer or Venn under or in connection with this Licence is or proves to have been incorrect or misleading in any material respect at the time it was made or deemed to have been made (otherwise than as a consequence of the Licensee, the Issuer or Venn relying on incorrect or misleading information provided to it by a Loan Applicant or an Approved Borrower in circumstances where the Licensee has complied with its obligations under Condition A6.3) then the Guarantor may deem that misrepresentation to be a Material Breach not capable of remedy for the purposes of Condition A28.1 and may terminate this Licence under the provisions of that Condition.

29. **CONSEQUENCES OF TERMINATION AND EXPIRY**

29.1 Prior to or upon expiry or termination of the Licence for any reason including as a result of termination under Conditions A27 and A28, the Licensee shall (and shall procure that the Issuer shall), at no cost to the Guarantor:

29.1.1 promptly provide such assistance and comply with such timetable as the Guarantor may reasonably require for the purpose of ensuring an orderly transfer of responsibility upon the expiry or termination of the Licence; and

29.1.2 comply with any reasonable direction by the Guarantor as to which of its obligations to perform as a priority under the Licence during the notice period; and

29.1.3 not knowingly do anything, or make any omission, which may adversely affect the orderly transfer of responsibility upon the expiry or termination of the Licence; and

29.1.4 provide reasonable assistance and advice to any replacement provider appointed under a subsequent licence; and

29.1.5 provide any replacement provider appointed under a subsequent licence with any information required for them to take over delivery of the objectives; and

29.1.6 within 20 Working Days of expiry or termination of the Licence hand over to the Guarantor all documents, records, books, data and/or information (or complete and accurate copies thereof) in the possession of the Licensee (or the Issuer) relating to the performance of the Licence insofar as such documents, records, books, data and/or information are relevant to the provision of services to be

provided by the Guarantor or any replacement provider under a subsequent licence. Documents, records, books, data and/or information kept or stored shall be surrendered, released and/or handed over to the Guarantor in a format to be agreed by the Licensee and the Guarantor (each acting reasonably); and

29.1.7 during the final six months prior to expiry of the Licence pursuant to Condition A9.2 (where this Licence expires by effluxion of time) or for a reasonable period following termination of this Licence pursuant to Condition A27 or A28, co-operate with the transfer of responsibility to the Guarantor or any replacement provider to deliver the objectives set out in Condition A6.5, as follows:

- (a) supply to the Guarantor such information as it may reasonably request to enable it to re-tender the services delivered pursuant to the Licence;
- (b) liaise with the Guarantor or any replacement provider, and provide reasonable assistance and advice concerning the objectives set out in Condition A6.5 and their transfer to the Guarantor or any replacement provider; and
- (c) provide to the Guarantor or any replacement provider any information concerning the services which is reasonably required for the efficient transfer of responsibility to deliver the objectives set out in Condition A6.5; and

29.1.8 deliver up to the Guarantor and/or destroy all Confidential Information.

30. **DISPUTE RESOLUTION**

30.1 Any dispute arising out of or in relation to the Licence shall be notified in the first instance to the Licence Managers of the Parties who will attempt in good faith to resolve the dispute through negotiations. Where the dispute cannot be resolved by the Licence Managers of the Parties within one month or such other period as is agreed between the Parties in writing, either Party may refer the dispute to senior representatives of the Guarantor and/or the Licensee for further negotiations.

Mediation

30.2 If the dispute cannot be resolved by the Parties within one month or such other period as is agreed between the Parties in writing pursuant to Condition A30.1, either Party may refer the dispute to mediation. If the dispute is referred to mediation neither Party shall be entitled to commence or pursue any legal proceedings until the mediation procedure has been exhausted.

30.3 The mediator shall be appointed by agreement between the Parties, or in the event of a failure to agree within seven Days or if the agreed mediator is unable or unwilling to act, the mediator shall be appointed by the Centre for Effective Dispute Resolution.

30.4 The Parties shall within seven Days of the appointment of the mediator meet with the mediator in order to agree a programme for the exchange of all relevant information and the structure to be adopted for negotiations.

- 30.5 Unless otherwise agreed in writing, all negotiations connected with the dispute and any settlement agreement relating to it will be conducted in confidence and without prejudice to the rights of the Parties in any further proceedings.
- 30.6 If the Parties reach agreement on the resolution of the dispute, the agreement shall be reduced to writing and shall be binding on the Parties once it is signed by their duly authorised representatives.
- 30.7 If the Parties fail to reach agreement within 60 Days of the mediator being appointed, or such longer period as the Parties may agree, then any dispute between them may be referred to the courts unless the Guarantor at any time before the court proceedings are commenced serves a notice on the Licensee requiring the dispute to be referred to and resolved by arbitration in accordance with the provisions of Conditions A30.10 to A30.14.
- 30.8 If the Licensee intends to commence court proceedings, it shall serve written notice on the Guarantor of its intentions and the Guarantor shall have 21 Days following receipt of such notice to serve a reply on the Licensee requiring the dispute to be referred to and resolved by arbitration in accordance with the provisions of Conditions A30.10 to A30.14.
- 30.9 The fees of the mediator shall be borne by the Parties in the proportion as shall be determined by the mediator having regard to all pertinent matters, including the conduct of the Parties.

Arbitration

- 30.10 A sole arbitrator shall be agreed between the Parties or in the event of a failure to agree within five Days of the referral to arbitration or if the agreed arbitrator is unable or unwilling to act, the arbitrator shall be appointed by the London Court of International Arbitration ("**LCIA**").
- 30.11 Any arbitration shall be governed by the provisions of the Arbitration Act 1996 and the LCIA procedural rules in force at the date the dispute was referred to arbitration.
- 30.12 The arbitration proceedings shall take place in London, in the English language and shall be governed by and interpretations made in accordance with English law.
- 30.13 The fees of the arbitrator shall be borne by the Parties in the proportion as shall be determined by the arbitrator having regard to all pertinent matters, including the conduct of the Parties.
- 30.14 Nothing in this Condition A30 shall prevent either Party from seeking from any court of competent jurisdiction an interim order restraining the other Party from doing any act or compelling the other Party to do any act.

31. **CONTINUATION OF LICENCE IN EVENT OF DISPUTES**

If any dispute of any kind whatsoever arises between the Parties in connection with or arising out of the Licence the Licensee shall at the Guarantor's discretion continue to perform the Licence with all due diligence pending settlement of the dispute.

32. **ASSIGNMENT, SUB-LICENSING OR SUB-CONTRACTING BY THE LICENSEE**

32.1 The Licensee shall not assign, novate, charge or otherwise dispose of the Licence or any part of the Licence other than in accordance with Condition A10.4, provided that the Licensee may (A) enter into the Management Agreement with Venn; and (B) sub-licence or sub-contract part of the Licence with the prior written consent of the Guarantor.

32.2 The Licensee shall ensure that the Issuer and any sub-licensee or sub-contractor (including, for the avoidance of doubt, any third party provider of the Online DSS) complies with the Conditions of this Licence, so far as they are applicable and shall ensure that all the terms of this Licence, so far as they are applicable, are included in any sub-licence or sub-contract. The sub-licence or sub-contract shall contain such terms as are necessary or desirable in accordance with Good Industry Practice, including, without limitation, with respect to the right of the Licensee to terminate the sub-licence or sub-contract if the sub-licensee or sub-contractor breaches the terms of the sub-licence or sub-contract, the appointment of named senior relationship managers, audit and dispute resolution procedures, and the obligation of the sub-licensee or sub-contractor to assist in any transfer to a replacement service provider. Sub-licensing or subcontracting any part of the Licence shall not relieve the Licensee of any obligation or duty attributable to the Licensee under the Licence.

32.3 Where the Guarantor has consented to the placing of sub-licences or sub-contracts, the Licensee shall, on request by the Guarantor and within a reasonable time, send copies of the sub-licences or sub-contracts to the Guarantor.

33. **NOVATION AND ASSIGNMENT BY THE GUARANTOR**

Without prejudice to any entitlement to transfer its rights and obligations pursuant to a statutory transfer (which shall be governed by the terms set out therein), the Guarantor shall be entitled to assign, novate or otherwise dispose of the Licence to any public sector body or any other body (including any private sector body) which substantially performs any of the functions that previously had been performed by the Guarantor at no cost to the Guarantor or its successor provided that where any such assignment, novation or other disposal increases the burden of the Licensee's obligations under the Licence, the Licensee shall be entitled to such charges as may be agreed in writing between the Guarantor's Commercial Representative and the Licensee's Commercial Representative to compensate for such additional burdens.

34. **SEVERABILITY**

If any provision of the Licence is held invalid, illegal or unenforceable for any reason by any court of competent jurisdiction, such provision shall be severed and the remainder of the provisions hereof shall continue in full force and effect as if the Licence had been executed with the invalid, illegal or unenforceable provision eliminated. In the event of a

holding of invalidity so fundamental as to prevent the accomplishment of the purpose of the Licence, the Guarantor and the Licensee shall immediately commence good faith negotiations to remedy such invalidity.

35. **WAIVER**

- 35.1 Any delay, neglect or forbearance on the part of either Party in enforcing against the other Party any provision of the Licence shall neither be nor be deemed to be a waiver or in any way prejudice any right or remedy of that Party under the Licence and shall not cause any diminution of the obligations established by the Licence.
- 35.2 A waiver shall not be effective unless it is expressly stated in writing to be a waiver and is signed by the Party waiving the right or remedy.
- 35.3 A waiver of any right or remedy arising from a breach of the Licence shall not constitute a waiver of any right or remedy from any other or subsequent breach of Licence.

36. **CONFLICTS OF INTEREST**

- 36.1 The Licensee shall use all reasonable endeavours to ensure that neither the Licensee nor any of the Licensee's Personnel is placed in a position where there is or may be an actual conflict, or a potential conflict, (other than those notified by the Licensee and approved by the Guarantor) between the pecuniary or personal interests of the Licensee or such persons and the duties owed to the Guarantor under the provisions of the Licence. The Licensee will disclose to the Guarantor full particulars of any such actual or potential conflict of interest which may arise.
- 36.2 If, in the reasonable opinion of the Guarantor, a conflict of interest arises then the Licensee shall take all necessary measures as are required by the Guarantor to resolve the conflict of interest or alleviate its effect, at the Licensee's expense.
- 36.3 If a resolution of the conflict of interest is not possible then without prejudice to any rights or remedies of the Guarantor, the Guarantor shall have the right to terminate the Licence with immediate effect and recover from the Licensee any loss resulting from such termination.
- 36.4 Where the Guarantor is of the opinion that a conflict of interest which existed at the time of the award of the Licence could have been discovered by a competent licensee and ought to have been disclosed by the Licensee, the Guarantor may terminate the Licence immediately and, without prejudice to any other rights, recover from the Licensee the amount of any loss resulting from such termination.

37. **STEP-IN RIGHTS**

- 37.1 If, at any time:
 - 37.1.1 one of the events set out in Condition A27 occurs, entitling the Guarantor to terminate; and/or

37.1.2 there is a Material Breach entitling the Guarantor to terminate in accordance with Condition A28; and/or

37.1.3 there is a default by the Licensee which is materially preventing or materially delaying the performance of the Licensee's obligations under this Licence; and/or

37.1.4 the Guarantor reasonably believes that one of the circumstances described in Conditions A37.1.1 to A37.1.3 above is reasonably likely to occur in the foreseeable future,

(each a "**Step-In Trigger**"), then the Guarantor may give notice to the Licensee that a Step-In Trigger has occurred.

37.2 Within 10 Working Days of notification of the occurrence of a Step-In Trigger, the Licensee shall have the opportunity to demonstrate to the Guarantor's reasonable satisfaction that the Licensee is able to perform its obligations in accordance with this Licence, through remedy, mitigation or rectification of the Step-In Trigger (the "**Step-In Decision Period**").

37.3 If, following the expiration of the Step-In Decision Period, the Guarantor is not reasonably satisfied in accordance with Condition A37.2, that the Licensee is able to perform its obligations in accordance with the Licence, the Guarantor may give notice to the Licensee that a representative shall be appointed to administer the Licence (the "**Step-In Notice**"), who shall have the same rights as if it had at all times been a party to the Licence in the place of the Licensee (the "**Step-In Representative**").

37.4 Following the service of a Step-In Notice the Step-In Representative may:

37.4.1 take such action as the Step-In Representative considers necessary or expedient to mitigate or rectify the circumstance giving rise to the Step-In Trigger, which includes but is not limited to, the Step-In Representative performing all or a part of the requirements contained within this Licence; and/or

37.4.2 instruct the Licensee to work with any person appointed by the Guarantor or the Step-In Representative in performing all or a part of the requirements contained within this Licence; and/or

37.4.3 instruct the Licensee to take such steps as the Step-In Representative reasonably considers appropriate to ensure the performance under all or any part of this Licence but without diminishing the Licensee's responsibility under this Licence; and/or

37.4.4 instruct the Licensee to immediately commence an investigation into the circumstance giving rise to the Step-In Trigger; and/or

37.4.5 have the Step-In Representative's personnel attend and monitor such activities of the Licensee and the Issuer, as the Step-In Representative considers reasonably necessary; and/or

- 37.4.6 instruct the Licensee to submit to such monitoring as the Step-In Representative considers necessary (and to procure that the Issuer and all subcontractors, sub-licensee and/or authorised agents submit to such increased monitoring); and/or
- 37.4.7 arrange a meeting of representatives of the Licensee and the Step-In Representative, who shall be relevant personnel of substantially equivalent standing within the Step-In Representative, to discuss the circumstances giving rise to the relevant Step-In Trigger and to determine an appropriate solution.
- 37.5 Following the service of a Step-In Notice the Licensee and any sub-licensee or sub-contractor of the Licensee shall (and the Licensee shall procure that the Issuer shall):
 - 37.5.1 cooperate fully and in good faith with the Guarantor, the Step-In Representative, or any other person appointed by the Guarantor and shall adopt any reasonable methodology recommended by the Step-In Representative;
 - 37.5.2 report to the Step-In Representative on the outcome of any investigation carried out in accordance with Condition A37.4.4 and discuss with the Step-In Representative the steps which it might take to resolve the Step-In Trigger; and
 - 37.5.3 report to the Step-In Representative on a regular basis on the progress towards remedying the Step-In Trigger.
- 37.6 At any time following the service of a Step-In Notice, the Step-In Representative may give not less than 10 Working Days' notice to the Licensee that the Step-In should cease (the **"Step-Out Notice"**).
- 37.7 The Step-In Representative and the Licensee shall discuss in good faith and use all reasonable endeavours to agree an orderly process for the cessation of the Step-In and the withdrawal of the Step-In Representative.
- 37.8 On and from the Step-Out Date, the Step-In Representative shall be released from any and all obligations and liabilities.
- 38. **DELIVERY, VARIATION, EQUIPMENT AND INSPECTION**
- 38.1 The Licensee's Personnel shall be appropriately experienced, qualified, trained and security cleared and shall undertake the services with reasonable skill, care and diligence in accordance with the Licence and Good Industry Practice.
- 38.2 The Licensee shall supervise and manage the Licensee's Personnel properly.
- 38.3 If any of the Licensee's Personnel who is a natural person is not a British citizen, Swiss national or a national of a country in the European Economic Area, the Licensee shall ensure that the Licensee's Personnel has the necessary Home Office permission to work and shall ensure compliance with the Asylum and Immigration Act 1996.
- 38.4 The Guarantor reserves the right from time to time during the term of the Licence to add to, omit, or otherwise vary the scope of the Licence; such variation shall be agreed

between the Parties and shall properly and fairly reflect the nature and extent of the variation in all the circumstances.

- 38.5 The Licensee shall provide all equipment, plant and materials necessary for the delivery under the Licence except where otherwise agreed in the Licence.
- 38.6 The Guarantor shall be entitled to inspect and examine the performance of the Licence at reasonable times and upon reasonable notice and the Licensee shall (and shall procure that the Issuer shall) afford all reasonable access, facilities and assistance required by the Guarantor for any inspection and examination free of charge.
- 38.7 The Licensee shall (and shall procure that the Issuer shall) comply at the Licensee's own cost with all relevant regulation and law to which it is subject including any regulation and law required to operate the Private Rented Guarantee Scheme and obtain and maintain all consents, licenses, approvals and authorisations required to operate the Private Rented Guarantee Scheme.

39. **LICENSEE'S PERSONNEL**

- 39.1 The Licensee shall make the Key Personnel available for the purposes of the Licence. Whenever, for any reason, the Key Personnel are unavailable for the performance under this Licence, at the Licensee's cost, the Licensee shall as soon as reasonably practicable substitute suitably qualified replacements acceptable to the Guarantor.
- 39.2 In the event that there is a change to any member of the Key Personnel, the Licensee shall ensure that the member of the Key Personnel is replaced by a suitably skilled and qualified person and the Licensee shall inform the Guarantor upon or prior to such change in Key Personnel taking effect.
- 39.3 If and when requested by the Guarantor, the Licensee shall provide the Guarantor with a list of the names of all the Licensee's Personnel who may at any time be concerned with the delivery under this Licence or any part of it, specifying in each case the capacities in which they are so concerned and giving such other particulars and evidence of identity, qualifications, experience and other supporting evidence as the Guarantor may reasonably require.
- 39.4 Where the Guarantor reasonably requires by notice to the Licensee that any of the Licensee's Personnel is not to become involved in or is to be removed from involvement in the Licence the Licensee shall take all reasonable steps to comply with such notice. The Licensee at their cost shall replace any such person with someone with equivalent experience, qualifications and training.
- 39.5 The Licensee shall:
 - 39.5.1 take instructions and all directions and, where appropriate, receive the Guarantor's decisions only through the Guarantor's Licence Manager and, for the avoidance of doubt, not through the DCLG Nominees unless the Guarantor serves notice on the Licensee directing the Licensee to take instructions and all directions and, where appropriate, receive the Guarantor's decisions from another named individual in place of the Licence Manager;

39.5.2 act in accordance with all reasonable instructions and directions in carrying out the obligations of the Licence;

39.5.3 keep the Guarantor's Licence Manager advised on all matters materially related to the performance of the Licensee according to reporting formats specified by the Guarantor acting reasonably;

39.5.4 answer all reasonable enquiries received from the Guarantor's Licence Manager; and

39.5.5 attend or be represented at regular meetings as requested by the Guarantor from time to time.

39.6 The Licensee shall bear the cost of any notice, instruction or decision of the Guarantor under this Condition A39.

40. **MEETING AND REPORTING**

40.1 The Licensee and the Licensee's Personnel shall upon receipt of reasonable notice and during office hours attend all meetings arranged by the Guarantor's Licence Manager for the discussion of matters connected with the performance under the Licence.

40.2 The Licensee and the Licensee's Personnel shall provide the Guarantor's Licence Manager with such reports of the Licensee's performance at such intervals and in such form as the Guarantor may from time to time reasonably require.

41. **EXIT AND SKILLS TRANSFER**

41.1 The Licensee shall develop and agree with the Guarantor at the Licensee's cost an exit plan and skills transfer plan describing how the services shall be handed over and appropriate skills transferred as soon as reasonably practicable following the Effective Date.

41.2 Any such exit and skills transfer plan will be developed in line with the Guarantor's requirements and updated through the term of the Licence.

42. **GOVERNING LAW**

The Licence and any matter, claim or dispute arising out of or in connection with it, whether contractual or non-contractual, shall be governed by and construed in accordance with English law and the Licensee hereby irrevocably submits to the exclusive jurisdiction of the English courts.

43. **ENTIRE LICENCE**

43.1 The Licence, the [information redacted under section 43 of the FOI act], the Cash Management Policy, the Operations Manual, the Mobilisation Plan, the Disclosure Letter, any other document which the Guarantor and the Licensee expressly agree should be subject to this Condition A43 and, where applicable, any Guarantees (together, the "**Licence Documents**"), constitute the entire agreement between the

Parties relating to the subject matter of the Licence Documents and, save as may be expressly referred to or referenced therein, supersede all prior representations, negotiations and understandings, whether written or oral, with respect thereto.

43.2 Any terms, conditions or general reservations printed on any documentation passing between the Parties shall not be applicable to the Licence.

43.3 Condition A43 shall not exclude any liability in respect of any fraudulent misrepresentation.

44. **COSTS**

Each Party agrees that they will bear their own costs for entering into this Licence. It is acknowledged that the Licensee will recover certain of its costs from Approved Borrowers in accordance with the Conditions.

B. LICENSEE'S PERFORMANCE CONDITIONS RELATING TO THE DELIVERY AND MANAGEMENT OF THE PRIVATE RENTED GUARANTEE SCHEME

1. STANDARDS AND PROCEDURE FOR THE LOAN DUE DILIGENCE AND APPROVAL

The Licensee will, in respect of each Loan Applicant:

- 1.1 conduct an assessment and evaluation of the loan proposal from the Loan Applicant to ensure that it will, assuming documentation in substantially the form provided pursuant to Condition B3.1 and perfection of security in accordance with Condition B4.2, satisfy the requirements of the Scheme Rules in Schedule 1;
- 1.2 ensure that the projects for which the Loan Applicant will use the proceeds of the proposed loan satisfy the eligibility requirements of the Scheme Rules and are identified by the Loan Applicant at the time of the loan application; and
- 1.3 conduct a full financial analysis and risk assessment of the Loan Applicant's proposal, of its recent past performance and of projections of its future performance,

in each case in accordance with the Assessment Procedures in Schedule 4 as supplemented from time to time by the Operations Manual.

2. REQUEST FOR APPROVED BORROWER GUARANTEE

- 2.1 The Guarantor will provide a form of Letter of Comfort and a form of Approved Borrower Guarantee to the Licensee for use in respect of approved Loans. The form of Approved Borrower Guarantee will set out the Approved Borrower Guarantee and arrangements for settlement of any calls or claims under the Approved Borrower Guarantee (including the Guarantor's rights of subrogation).
- 2.2 If a Loan Applicant receives a positive recommendation from the Licensee's Credit Committee during the Guarantee Availability Period, the Licensee will submit to the Guarantor an Approved Borrower Guarantee proposal, which will contain:
 - 2.2.1 in the case of the first such proposal, a draft set of the documentation for approved Loans, as set out in Schedule 16, for approval by the Guarantor in accordance with Conditions B3.1 and B3.3;
 - 2.2.2 in the case of subsequent proposals, confirmation that the documentation used will be substantially in the relevant Agreed Form (as amended in accordance with Condition B3.4 (if applicable));
 - 2.2.3 the amount of the loan and the repayment profile/maturity date;
 - 2.2.4 details of the projects to be undertaken, confirmation of satisfaction of the eligibility requirements of the Scheme Rules based on information received from the Loan Applicant and confirmation of the date of anticipated completion of the projects;

- 2.2.5 the paper setting out the financial analysis and commentary considered by the Credit Committee and the minutes of the Credit Committee evidencing its recommendation; and
- 2.2.6 such other information as may reasonably be requested by the Guarantor, including but not limited to the information on which the Credit Committee based its decision.
- 2.3 The Guarantor will assess the Approved Borrower Guarantee proposal in accordance with the Guarantor Approval Process in Schedule 2, as supplemented from time to time by the Operations Manual.
- 2.4 The Guarantor reserves the right to amend the Guarantor Approval Process in Schedule 2 at any time and at its sole discretion.
- 2.5 Once the Guarantor has assessed the Approved Borrower Guarantee proposal delivered under Condition B2.2, the Guarantor will either:
 - 2.5.1 give notice that the Approved Borrower Guarantee proposal has been approved and:
 - (a) provide a Letter of Comfort to the Licensee stating that, subject to the matters referred to in the Letter of Comfort, including completion of the Final Assessment, it intends to issue an Approved Borrower Guarantee; and
 - (b) specify the conditions applicable to Completions; or
 - 2.5.2 give notice that the Approved Borrower Guarantee proposal has been declined.
- 2.6 The provision of any Letter of Comfort will be at the complete discretion of the Guarantor, who reserves the absolute right to decline an Approved Borrower Guarantee proposal, regardless of the strength of the loan application, recommendation and due diligence.
- 2.7 The Licensee will notify the Guarantor of the occurrence of a Completion as soon as possible after becoming aware of the same. Once the Licensee has notified the Guarantor of a Completion, the Licensee and the Guarantor will carry out a Final Assessment. Following completion of the Final Assessment, the Guarantor will either:
 - 2.7.1 provide an Acceptance to the Licensee stating that the Approved Borrower Guarantee proposal has been finally approved; or
 - 2.7.2 give notice that the Approved Borrower Guarantee proposal has been declined.
- 2.8 The provision of an Acceptance will be at the complete discretion of the Guarantor, who reserves the absolute right to decline to follow a Recommendation from the Licensee to provide an Acceptance. The provision of an Acceptance will constitute an undertaking by the Guarantor to the Licensee that it will, in accordance with the Execution Procedures set out in Schedule 5 (as supplemented from time to time by the Operations

Manual) and subject to the conditions and requirements specified therein, provide an Approved Borrower Guarantee for the related Capital Raising in substantially the Agreed Form.

3. **AGREED FORM DOCUMENTATION: ESTABLISHMENT AND AMENDMENTS**

3.1 The Licensee will produce and submit to the Guarantor a draft of templates for each of the following documents for approval by the Guarantor in accordance with Condition B3.3:

- 3.1.1 the principal documentation ("**Principal Capital Raising Documentation**") for each category of Capital Raising, as set out in the relevant parts of Schedule 15;
- 3.1.2 the documentation for approved Loans, as set out in Schedule 16, such drafts to be based on the syndicated form of facility agreement recommended by the Loan Market Association for real estate finance investment transactions, as previously used by one or more Affiliates of Venn for equivalent loan arrangements, and to be accompanied by a mark-up showing changes to the form of facility agreement recommended by the Loan Market Association for real estate finance investment transactions and a note of the elements which remain to be finalised prior to signing of such documentation;
- 3.1.3 the Cash Management Policy;
- 3.1.4 the Management Agreement;
- 3.1.5 the Intra-Group Services Agreement;
- 3.1.6 the Annual Revenue Rebate Certificate;
- 3.1.7 [information redacted under section 43 of the FOI act];
- 3.1.8 the Licensee Security;
- 3.1.9 the Mobilisation Plan;
- 3.1.10 the Operations Manual; and
- 3.1.11 the Guarantor Fee Letter.

3.2 Without prejudice to Condition B3.1, the Licensee shall ensure that:

- 3.2.1 the terms of each Loan Agreement provide for an amount equivalent to 12 months of interest to be withheld from the disbursement of the proceeds of the Loan and held by the Issuer and/or the Security Agent on trust pursuant to the terms of a Liquidity Reserve Trust Deed for the relevant Approved Borrowers; and

- 3.2.2 the terms of each Loan Agreement provide for additional amounts to be paid by an Approved Borrower into the Liquidity Reserve as necessary to ensure that the balance of the Liquidity Reserve in relation to that Approved Borrower from time to time is equal to the interest payable under the Loan over the next twelve months such balance (to be immediately available in cash on each interest payment date under the Loan Agreement) to be applied by the Issuer (and, if applicable, the Licensee) in accordance with the Cash Management Policy; and
- 3.2.3 the terms of the Loan Documentation require the Approved Borrower to provide sufficient fixed charge security over its properties to secure its obligations to the Issuer (and, if applicable, the Licensee) at the point of drawdown; and
- 3.2.4 the terms of each Loan Agreement provide for additional amounts to be paid by the Approved Borrower into the Sinking Fund should there be a shortfall in the level of security cover provided by the Approved Borrower to the Issuer and/or the Security Agent (as set out in Condition B3.2.5); and
- 3.2.5 the terms of each Loan Agreement and the related Security Documents provide for the Approved Borrower to provide fixed and floating charge security over property as continuing security for the payment to the Issuer (and, if applicable, the Licensee) of the principal amount of the Loan and interest and other monies due from time to time under that Loan Agreement; and
- 3.2.6 the terms of each Loan Agreement and the related Security Documents provide for the preservation of the Guarantor's rights of subrogation and the acknowledgement of such rights of subrogation by all secured parties, where relevant, the subordination of any loans to an Approved Borrower by one or more of its Affiliates, where relevant, and the regulation of the claims and rights of priority of secured creditors, where relevant; and
- 3.2.7 each Loan Agreement provides that the projects for which the Loan Applicant will be obliged to use the proceeds of the proposed loan: (i) satisfy the eligibility requirements of the Scheme Rules in Schedule 1; (ii) must be completed prior to drawdown of the relevant part of the Loan; and (iii) are identified by the Loan Applicant at the time of the loan application; and
- 3.2.8 the terms of each Loan Agreement provide for the Approved Borrower to pay the applicable Borrower Guarantor Fee to the Issuer to account to the Guarantor in accordance with Condition B9.2.7; and
- 3.2.9 the terms of each Loan Agreement provide that Loans shall have a maximum term of not greater than the Maximum Loan Period,

the detail of such terms to be approved by the Guarantor pursuant to Condition B3.1.

3.3 Following:

- 3.3.1 submission to the Guarantor by the Licensee of any draft documentation pursuant to Condition B3.1 (and, subject to the prior written consent of the

Guarantor, any other documentation submitted to the Guarantor by the Licensee in connection with such documentation) or Condition B6.4.1;

- 3.3.2 provision by the Guarantor of the form of Letter of Comfort pursuant to Condition B2.1; or
- 3.3.3 provision by the Guarantor of the form of Approved Borrower Guarantee pursuant to Condition B2.1; or
- 3.3.4 provision by the Guarantor of a draft Debt Capital Guarantee (or, in the case of a Fungible Bond Issuance, a draft Debt Capital Guarantee Confirmation) to be used in respect of a Capital Raising,

the Guarantor and the Licensee shall engage in good faith discussions with a view to reaching agreement on the form (in relation to each such document, the “**Agreed Form**”) of each such document.

- 3.4 If either Party concludes that it is necessary or desirable to amend the Agreed Form of any document submitted or provided by it:
 - 3.4.1 it shall so inform the other Party in writing, with a short explanation of the proposed amendment;
 - 3.4.2 the consent of the other Party shall be required for any amendment which is other than of a non-material nature; and
 - 3.4.3 a decision as to giving or withholding such consent shall not be unreasonably withheld or delayed and a decision withholding consent shall be accompanied with a statement setting out the relevant Party's rationale for that decision.

In the event that consent is given to an amendment to the Agreed Form of any document pursuant to this Condition B3.4, then references in this Licence to the Agreed Form shall be construed as references to the Agreed Form as amended.

- 3.5 The Licensee will carry out the completion and execution of each Loan, and the completion of each utilisation of a Loan, in accordance with the Execution Procedures in Schedule 5, as supplemented from time to time by the Operations Manual.

4. **ADMINISTRATION**

- 4.1 The Licensee will conduct the Loan Administration Services and money transmission operations in accordance with the relevant provisions of the Loan Transaction and Administration Procedures in Schedule 8 and shall otherwise comply (and shall procure that the Issuer shall comply) with Schedule 8, as supplemented from time to time by the Operations Manual.
- 4.2 The Licensee shall complete the perfection of the security (or procure the perfection thereof) and thereafter maintain and operate (or procure the maintenance and operation of) the Security Portfolios in accordance with the Security Procedures set out in Schedule 6, as supplemented from time to time by the Operations Manual.

- 4.3 The Licensee will provide periodic reports to the Guarantor in accordance with the Reporting Procedures in Schedule 7, as supplemented by the Operations Manual.
- 4.4 If the Licensee or the Guarantor concludes that there is cause for concern in respect of an Approved Borrower pursuant to paragraph 1.4 of the Loan Transaction and Administration Procedures in Schedule 8, the Licensee will implement the Increased Monitoring Procedures in part 1 of Schedule 9, as supplemented from time to time by the Operations Manual.
- 4.5 The Licensee shall use its best endeavours to (and shall procure that the Licensee's Personnel shall use their best endeavours to) operate the Licence and carry on the Licensee's obligations thereunder in all material respects in accordance with the Operations Manual provided that the Licensee shall not be held liable for any failure to operate the Licence or carry on the Licensee's obligations thereunder in accordance with the Operations Manual to the extent that such failure results from the Guarantor not adhering to any applicable timetables or guidelines as to the provision of information or resources as set out in the Operations Manual.

5. **INTERVENTION**

In the event of:

- 5.1 any shortfall in interest payments by the relevant Approved Borrower that requires drawing to be made on a Liquidity Reserve (or other reserves that may have been established); or
- 5.2 an Impending Asset Cover Breach; or
- 5.3 any other actual or potential breach or breach of the terms of any Loan, in each case in any material respect; or
- 5.4 the Licensee and the Guarantor agreeing that there is cause for concern in respect of an Approved Borrower pursuant to paragraph 1.4 of the Loan Transaction and Administration Procedures in Schedule 8,

the Licensee shall carry out intervention and additional monitoring and reporting in accordance with the Intervention Procedures in part 2 of Schedule 9 (as supplemented from time to time by the Operations Manual) until such time as none of Conditions B5.1 to B5.4 above apply in respect of the relevant Loan or Approved Borrower. In the event of any dispute as to the materiality of a breach for the purposes of Condition B5.3 above, the Guarantor's opinion shall be conclusive. The Licensee shall notify actual or potential breaches to the Guarantor in accordance with paragraph 3(A) of Schedule 8.

6. **CAPITAL RAISING AND LOAN DOCUMENTATION**

- 6.1 The Licensee may seek Gateway Approval, and ultimately a Debt Capital Guarantee (or, in the case of a Fungible Bond Issuance, a Debt Capital Guarantee Confirmation), for a fund-raising arrangement (each a "**Capital Raising**") under which:

- 6.1.1 a bond issue will be made by the Issuer (a "**Bond Issuance**"); or

- 6.1.2 a loan agreement will be signed by the Issuer and one or more lending institutions under which future drawings may be made by the Issuer up to a specified facility limit (a “**Facility Agreement**”).
- 6.2 The Licensee shall (and shall procure that the Issuer shall) use its reasonable endeavours to minimise the costs associated with any Capital Raising (including, without limitation, professional advisers’ fees, arrangement fees and the cost of carry) without incurring unnecessary risk.
- 6.3 No Gateway Proposal may be approved by the Guarantor unless: (A) a Parliamentary Minute has been laid in respect of Guarantees to be issued under this Licence and the related contingent obligations of the Guarantor, and either (i) a period of 14 Days shall have elapsed without objection being raised thereto; or (ii) if any objection is raised thereto, such objection has been resolved; and (B) the Management Agreement and the Intra-Group Services Agreement have been executed by all parties thereto.
- 6.4 In order to apply for a Gateway Approval of a proposal for a Capital Raising, the Licensee shall provide the following information (together the “**Gateway Parameters**”) by way of a written proposal (a “**Gateway Proposal**”) substantially in the form set out in Schedule 13 and containing:
- 6.4.1 in the case of the first Gateway Proposal for a Capital Raising of each type, a draft set of the relevant Principal Capital Raising Documentation for approval by the Guarantor in accordance with Conditions B3.1 and B3.3;
- 6.4.2 in the case of Gateway Proposals for subsequent Capital Raisings of a given type, confirmation as to which set of Principal Capital Raising Documentation will be used for the Capital Raising and that the documentation used for the Capital Raising will be substantially in the relevant Agreed Form;
- 6.4.3 a statement of the maximum principal amount which will be borrowed;
- 6.4.4 in any Gateway Proposal for a Facility Agreement, the maximum length of the commitment period;
- 6.4.5 in the first Gateway Proposal for a Capital Raising of each type, a list of any other parameters or elements in addition to those referred to in Conditions B6.4.3 to B6.4.4 above which will change between the date of the Gateway Proposal and completion of the relevant Capital Raising (“**Additional Parameters**”) or confirmation that there are no such Additional Parameters for the relevant type of Capital Raising;
- 6.4.6 indications of the ranges of possible outcomes for any Additional Parameters in respect of the relevant type of Capital Raising, as applicable; and
- 6.4.7 the longstop date, on or prior to which the Pricing of the proposed Capital Raising must take place.
- 6.5 The Guarantor shall have an absolute discretion as to whether to respond positively to any Gateway Proposal. If the Guarantor accepts all of the Gateway Parameters it shall

issue a confirmation (a “**Gateway Approval**”) to that effect to the Licensee, such confirmation to be substantially in the form provided in Schedule 14.

- 6.6 The provision of a Gateway Approval will constitute an undertaking by the Guarantor to the Licensee that it will in accordance with the Execution Procedures set out in, and subject to the conditions and requirements specified in, Schedule 5 provide a Debt Capital Guarantee (or, in the case of a Fungible Bond Issuance, a Debt Capital Guarantee Confirmation) for the related Capital Raising, being in respect of:

6.6.1 in the case of a Bond Issuance, the bonds issued by the Issuer; and

6.6.2 in the case of a Facility Agreement, the total amount of the related credit facility.

- 6.7 The undertaking referred to in Condition B6.6 above to provide a Debt Capital Guarantee (or, in the case of a Fungible Bond Issuance, a Debt Capital Guarantee Confirmation) shall be subject only to the requirement that none of the Capital Raising Execution Blocks has occurred and been notified to the Licensee within the time limits specified in Schedule 5, and to the other conditions and requirements set out in Schedule 5, as supplemented from time to time by the Operations Manual.

- 6.8 If the Licensee receives a Gateway Approval it shall notify the Guarantor of the expected dates of the Pricing and Closing of the relevant Capital Raising as soon as reasonably practicable and in any case not less than five Working Days prior to Pricing. Following such notification the Licensee shall notify the Guarantor of any changes to those dates as soon as reasonably practicable after it becomes aware of them, provided that Pricing and Closing may not (unless the Guarantor otherwise agrees) take place prior to the expected dates initially notified to the Guarantor.

- 6.9 Not more than two Capital Raising proposals may be subject to a Gateway Approval at any time unless otherwise agreed by the Guarantor.

- 6.10 The Licensee may only complete a Further Drawdown in respect of a Capital Raising in accordance with the Execution Procedures set out in, and subject to the conditions and requirements specified in, Schedule 5, as supplemented from time to time by the Operations Manual.

- 6.11 The Parties agree that in the event that:

6.11.1 any rating agency (appointed in relation to any Capital Raising) raises any issues or concerns about specific terms of this Licence or any Agreed Form documentation which may constrain the rating of the related debt capital; or

6.11.2 any prospective counterparty to any Principal Capital Raising Documentation raises any issues or concerns about specific terms of this Licence or any Agreed Form documentation which may constrain the success of the related Capital Raising,

the Parties shall meet to discuss in good faith with a view to agreeing amendments to the terms of the Licence or any Agreed Form documentation to address such issues or concerns. For the avoidance of doubt neither the Licensee nor the Guarantor shall be

obliged to agree amendments to the terms of the Licence or any Agreed Form documentation if it reasonably believes that such amendments may be adverse to its interests.

7. GOVERNANCE STRUCTURE

7.1 The Licensee's governance structure is to be configured in accordance with the provisions set out in the UK Corporate Governance Code and will fulfil the functions set out in the remainder of this Condition B7.

7.2 The governance structure of the Issuer is to be configured in accordance with the provisions set out in the Disclosure Rules and Transparency Rules contained in the Financial Conduct Authority's Handbook of Rules and Guidance (or any successor or replacement rules) and shall be agreed in more detail between the Licensee and the Guarantor.

7.3 The board of the Licensee (the "**Licensee Board**") shall be comprised of a maximum of 12 directors, which shall include:

7.3.1 one chairman;

7.3.2 two executive directors;

7.3.3 a senior independent non-executive director; and

7.3.4 at least two further independent non-executive directors, including two DCLG Nominees.

7.4 The Licensee shall procure that the board of the Issuer (the "**Issuer Board**") shall be comprised of such number of directors as shall be agreed between the Licensee and the Guarantor, which shall include, if required by the Guarantor, at least one DCLG Nominee.

7.5 In the event that the Guarantor notifies the Licensee that the Guarantor wishes to replace any or all of its DCLG Nominees, the Licensee, acting through the relevant Board, shall use all reasonable endeavours (and shall procure that the Issuer shall use all reasonable endeavours), by way of a decision of the relevant Board or if necessary a shareholder vote, to effect the change required by the Guarantor as soon as soon as reasonably practicable and in any event within six weeks of receipt of such notification.

7.6 The Licensee will ensure that at all times each Board has a sufficient balance of expertise and skills in order to successfully manage the Private Rented Guarantee Scheme.

7.7 The Licensee Board shall be responsible for strategic direction and executive review of the management and delivery of the Private Rented Guarantee Scheme. Certain matters will be dealt with exclusively by the Licensee Board, including but not limited to:

7.7.1 approval of financial statements of the Licensee;

- 7.7.2 the strategy of the Licensee in relation to the Private Rented Guarantee Scheme;
 - 7.7.3 material capital projects;
 - 7.7.4 changes to the management of the Licensee; and
 - 7.7.5 changes to the Licensee's governance structure.
- 7.8 The Licensee Board shall establish and operate the Credit Committee, Audit Committee and Nominations Committee in accordance with the Committee Requirements in Schedule 10.
- 7.9 Each Board and committee member will be required to declare any matter which would involve a director breaching his or her duty under the Companies Act 2006. Following a declaration of a conflict of interest the remaining unconflicted Board or committee members will review the potential or actual conflict of interest and consider whether it is in the best interests of the Licensee or the Issuer (as applicable) for the conflicted member to participate and vote in connection with the business of the meeting. All such declarations of interest and subsequent decisions of the relevant Board and committees will be minuted.
- 8. PROFESSIONAL ADVICE**
- 8.1 The Licensee will engage such professional advisors, including, without limitation, property professionals, Panel Solicitors and Panel Valuers as may be required for the prudent and effective delivery of the Licensee's obligations under this Licence.
- 8.2 The Licensee may not designate a firm as a Panel Valuer or Panel Solicitor, or remove a firm from its list of Panel Valuers or Panel Solicitors without the prior written consent of the Guarantor, such consent not to be unreasonably withheld.
- 8.3 The Licensee will ensure that any professional advisors appointed or approved under this Condition B8 shall:
- 8.3.1 exercise the reasonable skill, care and diligence to be expected of a properly qualified and competent professional in carrying out work of a comparable size, scope and complexity to the work to be carried out by the professional advisors; and
 - 8.3.2 effect and maintain at all times professional indemnity insurance on such terms and at such levels as are usually obtained by prudent firms carrying on business similar to that carried out by the professional advisors.

9. STRUCTURE AND COST OF OPERATIONS

- 9.1 The Licensee will procure that Venn structures its operations in relation to the provision of services under the Management Agreement as set out in the chart in Schedule 12 (as supplemented from time to time by the Operations Manual) and will notify the Guarantor upon notice from Venn of any change in the Managing Partners named in Schedule 12.
- 9.2 The Licensee or the Issuer (as applicable) may charge each Approved Borrower each of the following fees and costs in respect of a Loan at a rate or in an amount no higher than the relevant rate or amount (as the case may be) specified below (together, in each case, with any applicable VAT):
 - 9.2.1 [information redacted under section 43 of the FOI act]
 - 9.2.2 [information redacted under section 43 of the FOI act]
 - 9.2.3 [information redacted under section 43 of the FOI act]
 - 9.2.4 [information redacted under section 43 of the FOI act]
 - 9.2.5 [information redacted under section 43 of the FOI act]
 - 9.2.6 [information redacted under section 43 of the FOI act]
 - 9.2.7 [information redacted under section 43 of the FOI act]
 - 9.2.8 [information redacted under section 43 of the FOI act]
 - 9.2.9 [information redacted under section 43 of the FOI act]
 - 9.2.10 ad hoc fees as reasonably required by the Licensee in relation to matters arising in respect of the Loan and associated Security Portfolio outside the ordinary course of events, but excluding for the avoidance of doubt any matter which is included in the calculation of any of the other fees or charges payable by Approved Borrowers under this Condition B9.
- 9.3 The Licensee or the Issuer (as applicable) may recover its own out-of-pocket costs from each Approved Borrower (excluding any Increased Cost and, for the avoidance of doubt, any cost the recovery of which is included within any of the other fees or charges payable by Approved Borrowers under this Condition B9) in accordance with the relevant Loan Agreement as follows:
 - 9.3.1 any costs and expenses incurred by the Licensee or the Issuer in relation to borrowing and debt capital raising and lending to Approved Borrowers, but excluding, for the avoidance of doubt, any cost the recovery of which is included within any of the other fees or charges payable by Approved Borrowers under this Condition B9;
 - 9.3.2 costs and expenses incurred by the Licensee or the Issuer including but not limited to legal fees and other professional costs incurred in relation to the

creation, withdrawal or substitution of security, prepayment of a Loan, management of the Sinking Fund and Liquidity Reserve, but excluding, for the avoidance of doubt, any cost the recovery of which is included within any of the other fees or charges payable by Approved Borrowers under this Condition B9; and

- 9.3.3 any costs and expenses incurred by the Licensee or the Issuer in relation to the preservation or enforcement of the Loan Agreements and Security Documents but excluding, for the avoidance of doubt, any cost the recovery of which is included in any of the other fees or charges payable by Approved Borrowers under this Condition B9.
- 9.4 The Issuer may charge each Approved Borrower interest and prepayment penalties calculated in accordance with the relevant Loan Agreement and the rate of interest or prepayment penalty charged will be no greater than the interest rate or prepayment penalty respectively payable by the Issuer in respect of the Capital Raising funding the relevant Approved Borrower's Loan (together with, for the avoidance of doubt, a rate equivalent to the costs and expenses referred to in B9.2, B9.2.4 and B9.2.7, if such costs and expenses are expressed as a margin on the relevant Loan).
- 9.5 The Licensee and the Issuer are not permitted to earn any profit by means of a mark up on the interest payable by it on debt capital raised for on-lending to Approved Borrowers and may not charge Approved Borrowers any fees, interest or other amount save to the extent permitted by this Condition B9.5.
- 9.6 Subject to Condition B9.7, if:
 - 9.6.1 the Issuer or the Licensee incurs Increased Costs; and
 - 9.6.2 the Issuer or the Licensee is able, under the terms of the applicable Loan Agreement(s) to charge increased amounts (in aggregate, the **"Increased Amount"**) to the relevant Approved Borrowers,

then:

 - (a) Venn may charge the Licensee a further amount, being no greater than the lesser of (i) the Increased Costs; and (ii) the Increased Amount, in addition to those permitted by B10, to the extent necessary to allow it to recover such Increased Costs; and
 - (b) the Licensee shall notify the Guarantor of the Increased Amount charged by the Licensee or the Issuer to Approved Borrowers and (if applicable) by Venn to the Licensee, and shall provide a certificate setting out the calculation of the Licensee's and/or the Issuer's Increased Costs (as applicable) in reasonable detail.
- 9.7 The Agreed Form Loan Agreements will contain exclusions to the recovery of Increased Costs from Approved Borrowers in a form to be agreed between the Licensee and the Guarantor.

- 9.8 In the event that the Licensee incurs other unanticipated costs in discharging its functions under this Licence, other than as a result of its own negligence or default or of events within its control, then the Parties shall meet to discuss in good faith with a view to agreeing amendments to the terms of the Licence, the Management Agreement, the Intra-Group Services Agreement and the Loan Agreements to address such additional costs. For the avoidance of doubt neither the Licensee nor the Guarantor shall be obliged to agree such amendments to the terms of the Licence.
- 9.9 Without prejudice to the Licensee's obligations under Condition A10 and Schedule 3, in the event that Loan Primary Servicing Costs in respect of any Financial Year are materially greater than the Budgeted Loan Primary Servicing Costs for such Financial Year (determined on the basis of the actual Loans outstanding under the Private Rented Guarantee Scheme as at the end of such Financial Year), the Licensee shall put the Loan Primary Servicing Services out to tender as soon as practicable and in any event no later than 30 Days following the end of such Financial Year.
- 9.10 Details of the calculation of the fees and costs charged to Approved Borrowers under this Condition B9 shall be set out in the management accounts referred to in Schedule 7 to be certified and delivered by the Licensee and/or the Issuer (as applicable) to the Guarantor in the form set out in, and in accordance with the requirements of, the Operations Manual.
10. **[INFORMATION REDACTED UNDER SECTION 43 OF THE FOI ACT]**
11. **[INFORMATION REDACTED UNDER SECTION 43 OF THE FOI ACT]**
12. **MOBILISATION**
- The Licensee shall (and shall procure that the Issuer shall) set up its operations and mobilise the activities required by the Licence in accordance with the Mobilisation Plan.
13. **PRODUCTION AND RETENTION OF DOCUMENTATION**
- 13.1 The Licensee shall (and shall procure that the Issuer shall) keep and maintain full and accurate records of all necessary information to enable it to discharge its obligations under this Licence and shall (and shall procure that the Issuer shall) keep a complete and accurate audit trail of transactions relating to this Licence and shall retain the same for a period of six years after the expiry of the Licence.
- 13.2 The Licensee shall (and shall procure that the Issuer shall) on request by the Guarantor and at no extra cost afford the Guarantor or any representative of the Guarantor such access to those accounts, documents and records as may be required by the Guarantor and shall provide reasonable assistance during the term of the Licence for the purpose of carrying out any audit of the Licensee's compliance with the Licence.

IN WITNESS of which this Agreement has been executed on the date stated above.

Schedule 1 Scheme Rules

Private Rented Sector Housing Guarantee Scheme

1. Project Eligibility

- 1.1 Guarantees will only support projects that will deliver additional new-build private rented homes.
- 1.2 Minimum size of project: Total project to have a minimum value of £10m. However the “project” can comprise of more than one development site, which cumulatively meet the minimum value requirement.
- 1.3 Type of property and mix: All standard new-build residential properties permitted.
- 1.4 Units must be used for private rent for the period of the debt guarantee. Borrowers must agree to use “best endeavours” to ensure that properties are actively marketed for rent.
- 1.5 Guaranteed debt only available from practical completion/purchase of completed units, but a letter of comfort that the project has qualified for guarantee support may be issued to support borrowers’ ability to access development finance.
- 1.6 Borrowers will need to detail how property and tenant management services will be provided.
- 1.7 Borrowers will need to be classified to the private sector.
- 1.8 Properties will need to be located in the United Kingdom.

2. Financial Structure

- 2.1 Maximum loan/equity 80/20.
- 2.2 Minimum projected rent/interest cover: Net – 1.2:1. Projections must be supported by approved professional property advice, addressed for the benefit of the lender and the Guarantor.

3. Security and Recourse

- 3.1 First fixed charge over the project assets (and first floating charge over other company assets where a special purpose vehicle is used) including a formal assignment of rents.
- 3.2 Loan not to be greater than 80 per cent. of value, evidenced by professional valuation addressed for the benefit of the lender and guarantor.
- 3.3 Minimum rent/interest cover at all times: Net – 1.2:1.
- 3.4 First fixed charge over additional approved assets if required to meet minimum debt/equity and interest cover ratio.

- 3.5 Annual revaluation obligations.
- 3.6 Security release permitted when asset cover exceeds 200 per cent., evidenced by professional valuation.
- 3.7 Recourse limited to project assets and contributed capital.

4. Fees and Costs

- 4.1 Approved Borrowers will be required to meet the costs of arranging the relevant Guarantee, together with a guarantor fee payable alongside each interest payment.
- 4.2 Approved Borrowers will also need to pay an administration fee to cover pro rata their share of the administration costs of managing and monitoring the facility.

5. Covenants

- 5.1 Maintenance of loan to value and interest cover covenants.
- 5.2 Financial and property performance monitoring reports.
- 5.3 Standard financial and corporate covenants for long term secured debt facilities.

6. Documentation

- 6.1 Standard loan and security documentation to be entered into.

7. Application

- 7.1 Borrowers will be required to complete a standard application form which will detail the information required to support the application.
- 7.2 All applications will be subject to full due diligence and approval prior to any offer of a debt guarantee being made. Any such offer will be at the complete discretion of the guarantor. No offer nor commitment to provide a Guarantee is implied by the publication of these scheme rules. The Guarantor reserves the right to amend the scheme rules at any time.

Schedule 2

Guarantor Approval Process

1. If, in accordance with Condition B2.2, a Loan Applicant receives a positive recommendation from the Licensee's credit committee during the Guarantee Availability Period, the Licensee will submit to the Guarantor an Approved Borrower Guarantee proposal containing the information required by Condition B2.2.
2. In addition, the Guarantor may require to be delivered to it, on request, copies of any item of the information obtained or analysis undertaken by the Licensee as detailed in Schedule 4 (such information, together with the information delivered in accordance with paragraph 1, being the "**Guarantee Application Pack**").
3. The Guarantor will review the Guarantee Application Pack prior to providing a written recommendation to the Guarantor's investment sub-committee that the proposed loan should or should not be included in the Guarantee.
4. If during the review of the Guarantee Application Pack the Guarantor has any questions or seeks clarification on any aspect, the Guarantor will submit such questions/requests for clarification in writing to the Licensee. If required, a meeting with the Licensee will be requested to discuss any issues. Minutes of the meeting and its conclusions will be kept and agreed.
5. The Guarantor will give notice to the Licensee as to whether the Approved Borrower Guarantee proposal has been approved or declined in accordance with Condition B2.5. The Guarantor reserves the right to approve or decline any application at its own discretion.
6. The Guarantor will aim to respond to each application with a decision within a reasonable period. However, this period may vary if a large number of applications is received at the same time or if there are a number of questions/clarifications that require time for resolution.
7. Following a Completion, the Licensee will perform a Final Assessment on the project in accordance with paragraph 1 of Schedule 5 and will provide a Recommendation to the Guarantor.
8. Following receipt of such Recommendation, the Guarantor may request further information and will then perform the final stage of due diligence. If this final stage of due diligence is satisfactory the Guarantor will issue an Acceptance in accordance with Condition B2.7.1. If the Guarantor declines to proceed, the Guarantor will notify the Licensee in accordance with Condition B2.7.2. The Guarantor's decision at this stage is final, subject to the Execution Procedures.

Schedule 3
Benchmarking and Repricing Procedures

1. BENCHMARKING

- 1.1 The Licensee shall assess whether any improvements can be made to the Loan Administration Services, the Issuer Administration Services and the Special Servicing Services to increase efficiency.
- 1.2 The Licensee shall calculate the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee for the next five years, having regard to any changes to the Loan Administration Services, the Issuer Administration Services and the Special Servicing Services proposed as a result of the assessment carried out pursuant to paragraph 1.1 above.
- 1.3 The Licensee shall deliver a certificate to the Guarantor signed by two of its directors which sets out the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee and the Licensee's estimate, based on publicly available information, of the equivalent costs and special servicing fee rates of other comparable debt issuers and lenders (or if there is insufficient publicly available information to procure such an estimate, such other benchmark as the Licensee may select, acting reasonably) (the "**Benchmark Costs**"), including in each case a reasonable level of detail as to underlying information, calculations and projections.
- 1.4 The Licensee shall compare the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee to the Benchmark Costs and shall either:
 - (A) certify to the Guarantor that, having compared the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee to the Benchmark Costs, the Licensee is satisfied that the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee are not materially in excess of the Benchmark Costs; or
 - (B) notify the Guarantor that the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee are materially in excess of the Benchmark Costs (a "**Repricing Trigger**").
- 1.5 The Licensee shall ensure that the process described in this paragraph 1:
 - (A) is overseen by the Licensee Board or by a committee of the Licensee Board to whom authority has been properly delegated in accordance with Condition B7;
 - (B) is carried out with reference to the Scheme Objectives;
 - (C) is carried out with the aim of securing continuous improvement in the Loan Administration Services, the Issuer Administration Services and the Special Servicing Services and ensuring value for money on an ongoing basis; and
 - (D) is carried out with such professional advice as the Licensee Board considers appropriate.

2. REPRICING

2.1 In the event that the Guarantor requests a repricing exercise pursuant to Condition A10.2, then the Parties shall meet to discuss in good faith:

- (A) whether the difference between the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee and the Benchmark Costs can be objectively justified in light of the Scheme Objectives; and
- (B) whether the projected Administration Costs and the proposed rate of the Licensee Special Servicing Fee could be reduced without compromising the Scheme Objectives or creating additional risk for the Guarantor.

2.2 If the Parties agree that the Administration Costs and the rate of the Licensee Special Servicing Fee can be reduced without compromising the Scheme Objectives or creating additional risk for the Guarantor, the Licensee shall procure that the Borrower Management Services Fee, Borrower Professional Services Charge, the Borrower Special Servicing Fee and Borrower Administration Charge is decreased accordingly. If the Parties cannot reach agreement, or agree that it is not possible to reduce the Administration Costs and the rate of the Licensee Special Servicing Fee, Condition A10.4 shall apply.

2.3 For the avoidance of doubt, the Borrower Management Services Fee, Borrower Professional Services Charge, the Borrower Special Servicing Fee and Borrower Administration Charge shall not be increased as a result of the application of this paragraph 2.

3. TIMING

The Licensee shall ensure that the process set out in paragraphs 1 and 2 of this Schedule 3 is completed within three calendar months of the date of its commencement.

4. COSTS

The Licensee shall bear the costs of any benchmarking and, if applicable, repricing exercise pursuant to this Schedule.

Schedule 4
Assessment Procedures

1. [Information redacted under section 43 of the FOI act]

2. **ASSESSMENT OF COMPLIANCE WITH THE SCHEME RULES**

The Licensee will complete a template in the form set out in the Operations Manual to ensure that the proposal complies with the Scheme Rules set out in Schedule 1.

3. [Information redacted under section 43 of the FOI act]

4. [Information redacted under section 43 of the FOI act]

Schedule 5 Execution Procedures

SECTION 1: FINAL ASSESSMENT OF APPROVED BORROWERS

1. LICENSEE'S ASSESSMENT

- 1.1 Promptly after becoming aware of a Completion, the Licensee shall:
- (A) review the Project Information;
 - (B) consider whether any material developments have taken place in the market for private rented housing since the date of the Letter of Comfort; and
 - (C) in light of (A) and (B), provide a recommendation to the Guarantor within 10 Working Days as to whether or not an Acceptance should be issued in respect of the Approved Borrower and, if applicable, the maximum amount of the Loan to that Approved Borrower (a **"Recommendation"**).
- 1.2 For these purposes, **"Project Information"** means (i) confirmation by the Licensee or a third party acceptable to the Guarantor that the building has been completed to the specification and standards set out in the relevant Approved Borrower Guarantee proposal; (ii) confirmation by the Licensee or a third party acceptable to the Guarantor that demand and gross rental values and net rental values are the same as or better than those set out in the Approved Borrower Guarantee proposal; (iii) an up-to-date Valuation, prepared no later than 30 Days prior to review by the Licensee; (iv) confirmation by the Licensee or a third party acceptable to the Guarantor of no material change in the circumstances of the Loan Applicant; and (v) confirmation by the Licensee or a third party acceptable to the Guarantor of no material changes of the key parties involved in the project.

2. GUARANTOR'S ASSESSMENT

Following receipt of a Recommendation, the Guarantor will review the Project Information and the Recommendation in accordance with paragraph 8 of Schedule 2. The Guarantor may request that the Licensee use its reasonable endeavours to obtain any further information which the Guarantor requires from the Approved Borrower.

SECTION 2: BOND ISSUANCE

3. DRAFTING OF DOCUMENTATION

- 3.1 The Licensee shall prepare the Loan Documentation in respect of the relevant Loan a reasonable period in advance of the expected date of Closing.
- 3.2 Following receipt of a Gateway Approval in relation to a Bond Issuance, the Licensee shall (or shall procure that the Issuer shall) prepare the Principal Capital Raising Documentation for the related Capital Raising in the form and reflecting the Gateway Parameters specified in the relevant Gateway Proposal.

4. BOND ISSUANCE - SUBMISSION OF DOCUMENTATION TO THE GUARANTOR, PRICING AND DUE DILIGENCE

4.1 Not later than five Working Days prior to the expected date of Pricing of a Capital Raising being undertaken by way of a Bond Issuance the Licensee shall submit to the Guarantor:

(A) the final draft of the Loan Documentation which has been agreed with the Approved Borrower for each Loan to be funded at Closing by that Bond Issuance together with a Loan Documentation Confirmation; and

(B) the then current draft Principal Capital Raising Documentation in respect of the Bond Issuance.

4.2 The Licensee shall send to the Guarantor on the date of Pricing of a Bond Issuance the Principal Capital Raising Documentation for the related Bond Issuance: (i) executed by all parties thereto in relation to all such documents which have been executed on or before the date of Pricing (to the extent such documentation has not already been provided to the Guarantor in connection with a previous Capital Raising); and (ii) in relation to all such documents which are to be executed at the Closing, in execution form (subject to information pertaining to Pricing) and ready to be executed at the Closing.

4.3 Not later than Day P-2 in respect of the relevant Bond Issuance the Licensee shall:

(A) send to each Approved Borrower whose proposed Loan is to be funded by the Bond Issuance an indicative price range for the proposed Loan.

(B) send a copy of the indicative price range referred to in paragraph (A) above to the Guarantor;

(C) arrange, and invite the Guarantor (on reasonable notice) to participate in, a telephone call with an authorised officer of each Approved Borrower whose proposed Loan is to be funded by the Bond Issuance during which the Due Diligence Queries and any other appropriate questions will be asked of such officer; and

(D) provide the Guarantor with a Due Diligence Certificate.

5. BOND ISSUANCE (OTHER THAN A FUNGIBLE BOND ISSUANCE) – ISSUE OF A DEBT CAPITAL GUARANTEE BY THE GUARANTOR

5.1 Capital Raising Execution Blocks

For the purposes of this paragraph 5, the “**Capital Raising Execution Blocks**” are:

(A) the termination of the Licence;

(B) the occurrence of a Material Adverse Change since the date of the relevant Gateway Approval.

5.2 Guarantor's right to notify the Licensee that a Capital Raising Execution Block has occurred

If, at any time prior to the close of business on the date which is one Working Day prior to the expected date of Closing of a Capital Raising being undertaken by way of a Bond Issuance (other than a Fungible Bond Issuance) (such time, the “**cut-off time**”), a Capital Raising Execution Block has occurred, the Guarantor may at any time prior to the cut-off time deliver a Capital Raising Block Notice to the Licensee. If a Capital Raising Execution Block has occurred and a Capital Raising Block Notice has been delivered by the Guarantor, the Guarantor's obligation to provide a Debt Capital Guarantee under Condition B6.6 will terminate.

5.3 Issue of Debt Capital Guarantee

Provided that, in respect of a Bond Issuance other than a Fungible Bond Issuance:

- (A) the final terms of the Capital Raising are consistent with the Gateway Parameters stated in the applicable Gateway Proposal;
- (B) Acceptances have been obtained from the Guarantor and remain in force, and Loan Documentation has been executed by all parties thereto, in respect of one or more Loans to one or more Approved Borrowers to be funded from the net proceeds of the Bond Issuance at Closing which Loans have in aggregate a principal amount equal to the principal amount which is to be borrowed by the Issuer pursuant to the Bond Issuance (net of any bonds to be retained by the Issuer on Closing of a Retained Bond Issuance transaction);
- (C) the expected date of Closing of the relevant Capital Raising is on or before the longstop date specified in the relevant Guarantee Proposal;
- (D) the Guarantor has received the Principal Capital Raising Documentation for the Bond Issuance (i) executed by all parties thereto in relation to all such documents which have been executed or before the date of Pricing; and (ii) in relation to all such documents which are to be executed at the Closing, in execution form (subject to information pertaining to Pricing) and ready to be executed at the Closing pursuant to paragraph 4.2 above and that Principal Capital Raising Documentation is in the Agreed Form subject only to such amendments as shall have been approved by the Guarantor pursuant to Condition B3.4;
- (E) the Guarantor has received copies of:
 - (i) all certificates provided by the Issuer (or the Licensee) to other parties to the Bond Issuance relating to the non-occurrence of a material adverse change (as defined in the relevant Principal Capital Raising Documentation) or the continued correctness of representations (such certificates to be released by the Issuer (or the Licensee) to the relevant other parties to the Bond Issuance on Closing); and

- (ii) the comfort letter and bring down letter to be provided by the Issuer's auditors in relation to the relevant Bond Issuance;
- (F) the Guarantor has received confirmation in writing from the Licensee that the terms of the Capital Raising have been negotiated with appropriate legal advice;
- (G) in respect of a Retained Bond Issuance only, the Guarantor has received confirmation in writing from the Licensee that not more than 50 per cent. of the bonds to be issued will be retained by the Issuer on Closing; and
- (H) the Guarantor has not delivered a Capital Raising Block Notice prior to the close of business on the date which is one Working Day prior to the expected date of Closing of the relevant Capital Raising,

then the Guarantor shall provide the Issuer (or the Licensee) (or to such other person(s) as it shall direct) a fully executed Debt Capital Guarantee in respect of the relevant Capital Raising as soon as reasonably practicable and in any event not later than 11:00 a.m. on the expected date of Closing of that Capital Raising.

6. FUNGIBLE BOND ISSUANCE – ISSUE OF A DEBT CAPITAL GUARANTEE CONFIRMATION BY THE GUARANTOR

6.1 Capital Raising Execution Blocks

For the purposes of this paragraph 6, the “**Capital Raising Execution Blocks**” are:

- (A) the termination of the Licence; or
- (B) the occurrence of a Material Adverse Change since the date of the relevant Gateway Approval.

6.2 Guarantor's right to notify the Licensee that a Capital Raising Execution Block has occurred

If, at any time prior to the close of business on the date which is one Working Day prior to the expected date of Closing of a Capital Raising being undertaken by way of a Fungible Bond Issuance (such time, the “**cut-off time**”), a Capital Raising Execution Block has occurred, the Guarantor may at any time prior to the cut-off time deliver a Capital Raising Block Notice to the Licensee. If a Capital Raising Execution Block has occurred and a Capital Raising Block Notice has been delivered by the Guarantor, the Guarantor's obligation to provide a Debt Capital Guarantee Confirmation under Condition B6.6 will terminate.

6.3 Issue of Debt Capital Guarantee Confirmation

Provided that, in respect of a Fungible Bond Issuance:

- (A) the final terms of the Capital Raising are consistent with the Gateway Parameters stated in the applicable Gateway Proposal;

- (B) Acceptances have been obtained from the Guarantor and remain in force, and Loan Documentation has been executed by all parties thereto, in respect of one or more Loans to one or more Approved Borrowers to be funded from the net proceeds of the Fungible Bond Issuance at Closing which Loans have in aggregate a principal amount equal to the principal amount which is to be borrowed by the Issuer pursuant to the Fungible Bond Issuance (net of any bonds to be retained by the Issuer on Closing of a Retained Bond Issuance transaction);
- (C) the expected date of Closing of the relevant Capital Raising is on or before the longstop date specified in the relevant Guarantee Proposal;
- (D) the Guarantor has received the Principal Capital Raising Documentation for the Fungible Bond Issuance (i) executed by all parties thereto in relation to all such documents which have been executed on or before the date of Pricing; and (ii) in relation to all such documents which are to be executed at the Closing, in execution form (subject to information pertaining to Pricing) and ready to be executed at the Closing pursuant to paragraph 4.2 above and that Principal Capital Raising Documentation is in the Agreed Form subject only to such amendments as shall have been approved by the Guarantor pursuant to Condition B3.4;
- (E) the Guarantor has received copies of:
 - (i) all certificates provided by the Issuer (or the Licensee) to other parties to the Fungible Bond Issuance relating to the non-occurrence of a material adverse change (as defined in the relevant Principal Capital Raising Documentation) or the continued correctness of representations (such certificates to be released by the Issuer (or the Licensee) to the relevant other parties to the Fungible Bond Issuance on Closing); and
 - (ii) the comfort letter and bring down letter to be provided by the Issuer's auditors in relation to the relevant Fungible Bond Issuance;
- (F) the Guarantor has received confirmation in writing from the Licensee that the terms of the Capital Raising have been negotiated with appropriate legal advice;
- (G) in respect of a Retained Bond Issuance only, the Guarantor has received confirmation in writing from the Licensee that not more than 50 per cent. of the bonds to be issued will be retained by the Issuer on Closing; and
- (H) the Guarantor has not delivered a Capital Raising Block Notice prior to the close of business on the date which is one Working Day prior to the expected date of Closing of the relevant Capital Raising,

then the Guarantor shall provide the Issuer (or the Licensee) (or to such other person(s) as it shall direct) a fully executed Debt Capital Guarantee Confirmation in respect of the relevant Capital Raising as soon as reasonably practicable and in any event not later than 11:00 a.m. on the expected date of Closing of that Capital Raising.

7. BOND ISSUANCE - ISSUE OF APPROVED BORROWER GUARANTEE BY THE GUARANTOR AT CLOSING

7.1 Loan Execution Blocks

For the purposes of this paragraph 7, a “**Loan Execution Block**” occurs if there has in the reasonable opinion of the Guarantor been a material adverse change (or any other development involving a prospective material adverse change) in the prospects, financial position or trading position of the relevant Approved Borrower since the date of the relevant Acceptance.

7.2 Guarantor’s right to notify the Licensee that a Loan Execution Block has occurred

If at any time prior to the close of business on Day P-1 (such time, the “**cut-off time**”) a Loan Execution Block has occurred then the Guarantor may at any time prior to the cut-off time deliver a Loan Block Notice to the Licensee. If a Loan Execution Block has occurred and a Loan Block Notice has been delivered by the Guarantor then the Guarantor’s obligation to provide the relevant Approved Borrower Guarantee under Condition B2.8 will terminate.

7.3 Issue of Approved Borrower Guarantee

In respect of each Approved Borrower, provided that:

- (A) the Guarantor has received the signed and dated Loan Documentation a Due Diligence Certificate and a Loan Documentation Confirmation in respect of the Loan to the Approved Borrower which is to be funded by the relevant Bond Issuance;
- (B) all conditions precedent to drawdown under the relevant Loan (other than the provision of an Approved Borrower Guarantee and such other conditions precedent as the Guarantor may agree at the time of approving the Agreed Form of Loan Documentation) have been satisfied; and
- (C) the Guarantor has not delivered a Loan Block Notice prior to the close of business on Day P-1 in respect of the relevant Approved Borrower,

then the Guarantor shall provide the Issuer (or the Licensee) with a signed but undated Approved Borrower Guarantee in respect of the Loan to the Approved Borrower which is to be funded by the relevant Bond Issuance not later than the Day prior to the expected date of Closing of that Bond Issuance and authorise the Issuer (or the Licensee) to date such Approved Borrower Guarantee upon delivery by the Guarantor of the Debt Capital Guarantee in respect of that Bond Issuance.

7.4 Subsequent right of Guarantor to make representations

If at any time after the close of business on Day P-1 and prior to the Closing of the relevant Capital Raising the Guarantor considers that, in its opinion, the Issuer (or the Licensee) is entitled to rely on its right under a Loan Agreement not to advance funds to the relevant Approved Borrower due to the occurrence of a material adverse change (as

defined in the relevant Loan Agreement), the Guarantor may notify the Licensee to that effect. In the event the Guarantor delivers such a notice, the Licensee shall give due consideration to the Guarantor's opinion when deciding whether the Issuer should advance funds under the relevant Loan Agreement following the Closing of the relevant Capital Raising.

SECTION 2: FACILITY AGREEMENT

8. DRAFTING OF DOCUMENTATION

Following receipt of a Gateway Approval in respect of a Facility Agreement, the Licensee shall (or shall procure that the Issuer shall) prepare the Principal Capital Raising Documentation for that Facility Agreement in the form and reflecting the Gateway Parameters specified in the relevant Gateway Proposal.

9. SUBMISSION OF DOCUMENTATION TO THE GUARANTOR

9.1 Not later than five Working Days prior to the expected date of Closing of a Capital Raising being undertaken by way of a Facility Agreement the Licensee shall submit to the Guarantor the then current draft Principal Capital Raising Documentation in respect of the Facility Agreement.

9.2 The Licensee shall send to the Guarantor no later than two Working Days prior to the expected date of Closing of a Capital Raising being undertaken by way of a Facility Agreement, the Principal Capital Raising Documentation for the related Facility Agreement executed by all parties thereto (to the extent that such documentation has not already been provided to the Guarantor in connection with a previous Capital Raising).

10. FACILITY AGREEMENT - ISSUE OF A DEBT CAPITAL GUARANTEE BY THE GUARANTOR

10.1 Capital Raising Execution Blocks

For the purposes of this paragraph 10, the **"Capital Raising Execution Blocks"** are:

- (A) the termination of the Licence;
- (B) the occurrence of a Material Adverse Change since the date of the relevant Gateway Approval.

10.2 Guarantor's right to notify the Licensee that a Capital Raising Execution Block has occurred

If, at any time prior to close of business on the date which is one Working Day prior to the expected date of Closing of a Capital Raising being undertaken by way of a Facility Agreement (such time, the **"cut-off time"**), a Capital Raising Execution Block has occurred, the Guarantor may at any time prior to the cut-off time deliver a Capital Raising Block Notice to the Licensee. If a Capital Raising Execution Block has occurred and a Capital Raising Block Notice has been delivered by the Guarantor, the

Guarantor's obligation to provide a Debt Capital Guarantee under Condition B6.6 will terminate.

10.3 Issue of Debt Capital Guarantee

Provided that:

- (A) the final terms of the Capital Raising are consistent with the Gateway Parameters stated in the applicable Gateway Proposal;
- (B) the expected date of Closing of the relevant Capital Raising is on or before the longstop date specified in the relevant Guarantee Proposal;
- (C) the Guarantor has received the Principal Capital Raising Documentation for the Facility Agreement executed by all parties thereto pursuant to paragraph 9.2 above and that Principal Capital Raising Documentation is in the Agreed Form subject only to such amendments as shall have been approved by the Guarantor pursuant to Condition B3.4;
- (D) the Guarantor has received an undertaking from the Licensee that it shall procure that the Issuer will not draw down funds under the Facility Agreement until Acceptances have been obtained from the Guarantor and remain in force, and Loan Documentation has been executed by all parties thereto, in respect of one or more Loans to one or more Approved Borrowers to be funded from the net proceeds of the draw down which Loans have in aggregate a principal amount equal to the principal amount to be drawn down by the Issuer;
- (E) the Guarantor has received confirmation in writing from the Licensee that the terms of the Capital Raising have been negotiated with appropriate legal advice; and
- (F) the Guarantor has not delivered a Capital Raising Block Notice prior to the close of business on the date which is one Working Day prior to the expected date of Closing of the relevant Capital Raising,

then the Guarantor shall provide the Issuer (or the Licensee) with a fully executed Debt Capital Guarantee in respect of the relevant Capital Raising as soon as reasonably practicable and in any event not later than 11:00 a.m. on the expected date of Closing of that Capital Raising.

11. FACILITY AGREEMENT – ISSUE OF APPROVED BORROWER GUARANTEE BY THE GUARANTOR

- 11.1 The Licensee shall prepare the Loan Documentation in respect of the relevant Loan a reasonable period in advance of the expected date of Closing.
- 11.2 Not later than five Working Days prior to the expected date of Pricing in respect of a Loan to be funded pursuant to a Facility Agreement, the Licensee shall submit to the Guarantor the final draft of the Loan Documentation which has been agreed with the Approved Borrower together with a Loan Documentation Confirmation.

11.3 Not later than Day P-2 in respect of the relevant draw down of a Facility Agreement the Licensee shall:

- (A) send to the relevant Approved Borrower whose relevant Loan is to be funded by the relevant drawdown an indicative price range for the proposed Loan;
- (B) send a copy of the indicative price range to the Guarantor;
- (C) arrange, and invite the Guarantor (on reasonable notice) to participate in, a telephone call with an authorised officer of each Approved Borrower whose proposed Loan is to be funded pursuant to the Facility Agreement during which the Due Diligence Queries and any other appropriate queries will be asked of such officer; and
- (D) provide the Guarantor with a Due Diligence Certificate.

11.4 **Loan Execution Blocks**

For the purposes of this paragraph 11, a “**Loan Execution Block**” occurs if:

- (A) a Material Adverse Change has occurred; or
- (B) in the reasonable opinion of the Guarantor there has been a material adverse change (nor any other development involving a prospective material adverse change) in the prospects, financial position or trading position of the relevant Approved Borrower since the date of the relevant Acceptance.

11.5 **Guarantor’s right to notify the Licensee that a Loan Execution Block has occurred**

If, at any time prior to the close of business on Day P-1 (such time, the “**cut-off time**”), a Loan Execution Block has occurred, then the Guarantor may at any time prior to the cut-off time deliver a Loan Block Notice to the Licensee. If a Loan Execution Block has occurred and a Loan Block Notice has been delivered by the Guarantor then the Guarantor’s obligation to provide the relevant Approved Borrower Guarantee under Condition B2.8 will terminate.

11.6 **Issue of Approved Borrower Guarantee**

In respect of each Approved Borrower, provided that:

- (A) the Guarantor has received the signed and dated Loan Documentation, a Due Diligence Certificate and a Loan Documentation Confirmation in respect of the Loan to the Approved Borrower which is to be funded by drawdown under the Facility Agreement;
- (B) all conditions precedent to drawdown under the relevant Loan (other than the provision of an Approved Borrower Guarantee) have been satisfied;
- (C) the Guarantor has received copies of any certificates provided by the Issuer (or the Licensee) to the other party or parties to the Facility Agreement relating to

the non-occurrence of a material adverse change (as defined in the relevant Principal Capital Raising Documentation) or the continued correctness of representations; and

- (D) the Guarantor has not delivered a Loan Block Notice prior to the close of business of Day P-1 in respect of the relevant Approved Borrower,

then the Guarantor shall, not later than five Working Days after Pricing, provide the Issuer (or the Licensee) a signed and dated Approved Borrower Guarantee in respect of the Loan to the Approved Borrower which is to be funded by drawdown under the Facility Agreement.

11.7 Subsequent right of Guarantor to make representations

If at any time after the close of business on Day P-1 and prior to the date on which the proceeds of the Loan are to be received (or deemed to be received) by an Approved Borrower the Guarantor considers that, in its opinion, Issuer (or the Licensee) is entitled to rely on its right under a Loan Agreement not to advance funds to the relevant Approved Borrower due to the occurrence of an event of default (actual or potential) or a material adverse change (as defined in the relevant Loan Agreement), the Guarantor may notify the Licensee to that effect. In the event the Guarantor delivers such a notice, the Licensee shall give due consideration to the Guarantor's opinion when deciding whether the Issuer should advance funds under the relevant Loan Agreement following the relevant draw down under the Facility Agreement.

SECTION 3: EXECUTION OF FURTHER DRAWDOWNS

12. FURTHER DRAWDOWNS

12.1 Notice to the Guarantor

The Licensee shall give the Guarantor not less than two Working Days' notice of the expected date of Pricing in respect of a Further Drawdown.

12.2 Pricing of Loans and due diligence

Not later than Day P-2 in respect of the relevant Further Drawdown the Licensee shall:

- (A) send to the relevant Approved Borrower whose relevant Loan is to be funded by the Further Drawdown an indicative price range for the proposed Loan;
- (B) send a copy of the indicative price range to the Guarantor;
- (C) arrange, and invite the Guarantor (on reasonable notice) to participate in, a telephone call with an authorised officer of each Approved Borrower whose proposed Loan is to be funded by the Further Drawdown during which the Due Diligence Queries will be asked of such officer; and
- (D) provide the Guarantor with a Due Diligence Certificate.

12.3 Blocks to Further Drawdown

The Licensee may not (and shall procure that the Issuer shall not) complete a Further Drawdown if, on or prior to close of business on Day P-1, the Guarantor has notified the Licensee in writing that:

- (A) a Material Adverse Change has occurred; or
- (B) in the reasonable opinion of the Guarantor there has been a material adverse change (nor any other development involving a prospective material adverse change) in the prospects, financial position or trading position of the relevant Approved Borrower,

in each case since the later of the date of the Closing of the relevant Capital Raising and the date of the most recent Further Drawdown in relation to the relevant Capital Raising.

12.4 Completion of Further Drawdown

Provided that:

- (A) all conditions precedent to the relevant advances of Loans have been satisfied;
- (B) Acceptances have been obtained from the Guarantor and remain in force, and Loan Documentation has been executed by all parties thereto, in respect of one or more Loans to one or more Approved Borrowers to be funded from the net proceeds of the related Further Drawdown which Loans have in aggregate a principal amount equal to the principal amount which is to be borrowed by the Issuer pursuant to the Further Drawdown;
- (C) the Guarantor has received copies of any certificates provided by the Issuer (or the Licensee) to other parties to the Further Drawdown relating to the non-occurrence of a material adverse change (as defined in the relevant Principal Capital Raising Documentation) or the continued correctness of representations; and
- (D) the Guarantor has not delivered a notice pursuant to paragraph 12.3 above,

then the Licensee and the Issuer may complete the Further Drawdown.

Schedule 6

Security Procedures

1. ONGOING SECURITY PROCEDURES

1.1 Transitional arrangements

The Licensee will ensure pursuant to the terms of the Loan Agreements that the Security Portfolio of an Approved Borrower meets the security cover and interest cover requirements set out in paragraphs 1.2 and 1.3 of this Schedule at all times. Should the Security Portfolio of the Approved Borrower not meet the Security Requirement and Interest Cover Requirement at any time, the Approved Borrower will be required to make a payment into the Sinking Fund to cure such default (provided that the Approved Borrower shall be permitted to cure any such default only at the times specified in the Agreed Form Loan Documentation). On drawdown (if applicable), an amount of the funds to be advanced to an Approved Borrower under a Loan Agreement will be placed into the Sinking Fund (and if such amount (if any) of the Loan is not sufficient to ensure compliance (or the Approved Borrower is otherwise not in compliance) with the Security Requirement and the Interest Cover Requirement the Approved Borrower will be required to “top up” the funds held in the Sinking Fund to cover the shortfall from time to time) and will only be released by the Issuer and/or the Security Agent (as applicable) to the Approved Borrower if and when the Security Portfolio meets the Security Requirement and the Interest Cover Requirement for such number of testing periods as is specified in the Agreed Form Loan Documentation.

1.2 Security Requirement

The Licensee shall ensure, in respect of each Approved Borrower, that the terms of each Loan Agreement provide that on and from the date of drawdown of the relevant Loan(s) the aggregate Value of the Security Portfolio is not less than 125 per cent. of the amount equal to (i) the outstanding balance of the relevant Loan(s); minus (ii) any sums standing at that time in the Sinking Fund.

1.3 Interest Cover Requirement

The Licensee shall ensure that, in respect of each Approved Borrower, that on and from the date of drawdown of the relevant Loan(s) the annual net rent from the Security Portfolio shall not be less than 120 per cent. of the annual interest paid or payable on that Approved Borrower's Loan(s) or (if there is a balance in the Sinking Fund) the amount of interest which would have been payable if the nominal amount of the Loan(s) was reduced by the amount standing to the Sinking Fund.

1.4 Minimum Capex Requirement

The Licensee shall ensure, in respect of each Approved Borrower, that the terms of each Loan Agreement require the Approved Borrower to undertake capital improvements of at least the prescribed annual minimum expenditure level (as determined by the Licensee on a case-by-case basis).

1.5 Valuation of properties

The Licensee shall obtain a Valuation in respect of each property proposed to be charged as part of an Approved Borrower's Security Portfolio. The Valuation will include a report by the Panel Valuer of the net annual rental income expected to be received in respect of the relevant property.

1.6 Certificate of Title and other due diligence

The Licensee shall obtain a Certificate of Title and a Report on Certificate of Title in respect of each property proposed to be charged as part of an Approved Borrower's Security Portfolio.

1.7 Rejection of unsuitable properties

The Licensee shall not (and shall procure that the Issuer and/or the Security Agent shall not) accept as part of an Approved Borrower's Security Portfolio any property:

- (A) to which it does not consider it (or the Issuer and/or Security Agent, as applicable) will obtain good marketable title or which it otherwise considers in accordance with Good Industry Practice to represent an unacceptable risk;
- (B) in respect of which it has not received a Valuation, a Certificate of Title and a Report on Certificate of Title; or
- (C) the characteristics of which would render it unsuitable or difficult to obtain insurance on normal commercial terms.

1.8 Security revaluation

The Licensee shall ensure that each Approved Borrower's Security Portfolio is revalued at least annually, which Valuation shall include a review of the Certificate of Title in respect of the properties within the Security Portfolio.

1.9 Other Security monitoring

In the event that the Licensee becomes aware of any matter materially affecting the Value of an Approved Borrower's Security Portfolio, it shall take such steps, in accordance with Good Industry Practice, as it considers appropriate, which may include:

- (A) obtaining appropriate professional advice (which may include, without limitation, legal advice or advice from a Panel Valuer);
- (B) requesting any necessary additional information from the Approved Borrower; or
- (C) where necessary, negotiating potential amendments to the relevant Loan Documentation for consideration by the Guarantor pursuant to paragraph 3 of Schedule 8.

1.10 Release of properties

The Licensee shall not (and shall procure that the Issuer and/or the Security Agent shall not) release a property from the relevant Fixed Charge granted by the Approved Borrower to the Issuer and/or the Security Agent unless the aggregate Value of the Security Portfolio following such release is not less than 200 per cent. of the outstanding balance of the relevant Loan(s) minus any sums standing at that time in the Sinking Fund or the relevant Loan(s) are repaid in full.

1.11 Storage of documents

The Licensee shall ensure that the all documents in respect of each property charged as part of an Approved Borrower's Security Portfolio are stored by its Panel Solicitors on its behalf and on behalf of the Guarantor, including without limitation:

- (A) the title deeds;
- (B) the Certificate of Title;
- (C) the Report on Certificate of Title; and
- (D) each Valuation in respect of the property.

2. ENFORCEMENT

In the event that the Licensee or the Issuer and/or the Security Agent takes any enforcement action pursuant to the relevant Loan Agreement and Security Documents in accordance with paragraph 3 of Schedule 8, the Licensee shall ensure that the proceeds realised by such enforcement action, net of enforcement costs (to the extent not already recovered under the applicable Loan Agreement, Security Document or Principal Capital Raising Documentation), shall be applied in accordance with the terms of the relevant Loan Agreement, Security Documents and Principal Capital Raising Documentation and for no other purpose.

Schedule 7
Reporting Procedures

1. [Information redacted under section 43 of the FOI act]

2. [Information redacted under section 43 of the FOI act]

3. **REPORTING OF STARTS-ON-SITE AND COMPLETIONS**

The Licensee shall supply a report to the Guarantor's Licence Manager each month, based on reports provided by the Approved Borrowers in respect of the previous calendar month setting out the number of starts-on-site and completions reported as having been achieved by each Approved Borrower in that month.

4. **FURTHER INFORMATION**

Upon written request from the Guarantor, the Licensee shall provide the Guarantor in a timely manner with such other information as the Guarantor may reasonably request (including, without limitation, any information delivered to the Licensee by an Approved Borrower under or in connection with a Loan).

Schedule 8
Loan Administration Procedures

1. LOANS

1.1 [Information redacted under section 43 of the FOI act]

1.2 [Information redacted under section 43 of the FOI act]

1.3 Multiple Projects

(A) Where a Loan Agreement is to be used to fund more than one project, the Licensee shall ensure that, following Initial Completion, advances are not used to fund subsequent projects unless and until the relevant Subsequent Completion has occurred, a Final Assessment has been carried out and the Guarantor has confirmed in writing (either unconditionally or subject to conditions) that advances may be used to fund that project.

(B) The Licensee shall notify the Guarantor of each Completion as soon as possible after becoming aware of the same.

1.4 [Information redacted under section 43 of the FOI act]

1.5 Security

The Licensee shall implement the Security Procedures in Schedule 6 as supplemented from time to time by the Operating Manual.

1.6 [Information redacted under section 43 of the FOI act]

2. FINANCIAL CONTROLS

For the purposes of making and receiving the various payments described elsewhere in this Schedule 8, the Licensee shall:

- (A) use a secure system for the transfer of funds;
- (B) ensure that non-executive approval is required for any administrative changes to the payment system including authorities, privileges and payment beneficiary amendments;
- (C) ensure that dual approval is required for all external payments to approved beneficiaries;
- (D) ensure that dual approval is required for input to other key systems; and
- (E) maintain a transaction event diary to ensure the timely collection of interest, principal and fees.

3. WAIVERS, DECLARATIONS OF DEFAULT AND ENFORCEMENT ACTION

(A) In the event of any actual or potential breach of the Loan Documentation, the Licensee shall:

- (i) notify the Guarantor as soon as reasonably practicable upon becoming aware of such actual or potential breach; and
- (ii) (in the case of an actual breach only), unless the Guarantor agrees otherwise, reserve its and the Issuer's rights under the Loan Documentation by notice in writing to the Approved Borrower as soon as possible but in any event no later than five Working Days of becoming aware of such breach.

(B) Save as aforesaid, the Licensee shall not (and shall procure that the Issuer shall not):

- (i) declare a default under any Loan Documentation; or
- (ii) waive a breach of any Loan Documentation; or
- (iii) amend any term of any Loan Documentation; or
- (iv) take any enforcement action under any Loan Documentation,

without the prior approval of the Guarantor, save as otherwise agreed by the Guarantor at the timing of approving the Agreed Form of the documentation for approved Loans. Any proposal to take any of the actions described above must be supported by recommendations to the Guarantor for agreement.

Schedule 9
Increased Monitoring and Intervention Procedures

[Information redacted under section 43 of the FOI act]

Schedule 10
Committee Requirements

[Information redacted under section 43 of the FOI act]

Schedule 11
Commercially Sensitive Information

[information redacted under section 43 of the FOI act]

Schedule 12
Provision of Services – Organisational Structure

[Information redacted under section 43 of the FOI act]

Schedule 13
Form of Gateway Proposal

[on letterhead of Licensee]

Secretary of State for Communities and Local Government
 2 Marsham Street,
 London SW1P 4DF
 Attn: []

Dear Sirs

Private Rented Sector Housing Guarantee Licence dated [] (the “Licence”)

We refer to the Licence. This is a Gateway Proposal. Capitalised terms used in this Gateway Proposal shall bear the same respective meanings given to those terms in the Licence.

We propose to commence a Capital Raising process for a [[Fungible] Bond Issuance/Facility Agreement] for which the Gateway Parameters are as follows:

1. *Agreed Form Principal Capital Raising Documentation which will be used for the Capital Raising:* [Part/s [] of Schedule 5 to the Licence].
2. *Maximum principal amount which will be borrowed:* £[].
3. *Maximum length of the commitment period:* [] months.
4. *Other parameters which may change prior to closing (or confirmation that there are no such parameters):* [].
5. *Longstop date, on or prior to which the Pricing of the proposed Capital Raising must take place:* [insert date].

Please provide a Gateway Approval in relation to the proposed Capital Raising.

Yours faithfully

.....
 for and on behalf of
 [Licensee]

Schedule 14
Form of Gateway Approval

[Licensee]

[cc: Issuer]

Attn: []

Dear Sirs

Private Rented Sector Housing Guarantee Licence dated [] (the “Licence”)

We refer to the Licence. This is a Gateway Approval. Capitalised terms used in this Gateway Approval shall bear the same respective meanings given to those terms in the Licence.

We refer to your Gateway Proposal dated [insert date] in relation to a Capital Raising process for a [[Fungible] Bond Issuance/Facility Agreement] for which the Gateway Parameters are as follows:

1. *Agreed Form Principal Capital Raising Documentation which will be used for the Capital Raising:* [Part/s [] of Schedule 5 to the Licence].
2. *Maximum principal amount which will be borrowed:* £[].
3. *Maximum length of the commitment period:* [] months.
4. *Other parameters which may change prior to closing (or confirmation that there are no such parameters):* [].
5. *Longstop date, on or prior to which the Pricing of the proposed Capital Raising must take place:* [insert date].

We confirm our approval, by way of this Gateway Approval, in relation to the proposed Capital Raising.

Yours faithfully

.....

for and on behalf of

Secretary of State for Communities and Local Government

Schedule 15
Agreed Form Documentation for Capital Raising

Part 1: Principal Capital Raising Documentation for Single Bond Capital Raising

(A) Programme-level documentation

1. Form of the base prospectus/offering circular, including sections which describe the Guarantor and which set out or summarise the terms of the Debt Capital Guarantee;
2. Form of dealer/programme agreement;
3. Form of bond trust deed;
4. Form of paying agency agreement;
5. Form of Guarantee and Reimbursement Agreement in respect of the Debt Capital Guarantee;
6. Form of first ranking fixed and floating charge to be granted by Issuer in favour of the Guarantor (or, if necessary to achieve a successful Capital Raising and subject to the prior agreement of the Guarantor, the form of charge to be granted by the Issuer in favour of the bond trustee and/or security trustee, as applicable);
7. Form of security trust and intercreditor deed (if applicable following agreement with the Guarantor);
8. Form of accession deed to security trust and intercreditor deed (if applicable following agreement with the Guarantor); and
9. A programme establishment enforceability and capacity legal opinion of legal advisers to the lead managers or the Issuer (and the Licensee) as to English law, addressed to and capable of reliance on by the Guarantor.

(B) Issue documentation

1. Form of the updated base prospectus/offering circular;
2. Form of the final terms/pricing supplement;
3. Form of the subscription agreement (in the form attached to the dealer/programme agreement);
4. An issue enforceability and capacity opinion of legal advisers to the lead managers or the Issuer (and the Licensee) as to English law, addressed to and capable of reliance on by the Guarantor; and

5. Form of Issuer's (and Licensee's, if applicable) bring down/closing certificate (being the certificate to be delivered by the Issuer (and Licensee, if applicable) at Closing to the lead managers, copied to the Guarantor, confirming inter alia no material adverse change, no misrepresentation) and compliance with obligations.

Part 2: Principal Capital Raising Documentation for Facility Agreement

1. Form of Facility Agreement;
2. Form of Guarantee and Reimbursement Agreement in respect of the Debt Capital Guarantee;
3. Form of first ranking fixed and floating charge to be granted by Issuer in favour of the Guarantor (or, if necessary to achieve a successful Capital Raising and subject to the prior agreement of the Guarantor, the form of charge to be granted by the Issuer in favour of the lenders and/or security trustee, as applicable);
4. Form of security trust and intercreditor deed (if applicable following agreement with the Guarantor);
5. Form of accession deed to security trust and intercreditor deed (if applicable following agreement with the Guarantor);
6. A legal opinion of legal advisers to the Licensee (and/or the Issuer) as to English law, addressed to and capable of reliance on by the Guarantor; and
7. Form of any certificate to be provided to the lender on utilisation of Facility Agreement.

Schedule 16
Agreed Form Documentation for Loans

Loan Documentation to be based on the Loan Market Association real estate finance template (where available) and to include the following:

1. Loan Agreement;
2. Fixed Charge;
3. Floating Charge;
4. Approved Borrower Share Charge;
5. Guarantee and Reimbursement Agreement in respect of Approved Borrower Guarantee(s);
6. Certificate of Title;
7. Report on Certificate of Title;
8. the form of instructions for a Valuation;
9. in respect of a Loan funded by a Bond Issuance only, the form of letter of irrevocable release;
10. Liquidity Reserve Trust Deed;
11. Sinking Fund Trust Deed;
12. Subordination Agreement (if applicable following agreement between the Guarantor and the Licensee);
13. Security Trust and Intercreditor Deed (if applicable following agreement between the Guarantor and the Licensee); and
14. documentation appointing the Facility Agent and Security Agent (to the extent not included within the other Loan Documentation specified above).

Schedule 17
Certificates

[Information redacted under section 43 of the FOI act]

Schedule 18 - Costs and Volume Scenarios

[Information redacted under section 43 of the FOI act]

Schedule 19
Form of Due Diligence Queries

[Information redacted under section 43 of the FOI act]

SIGNATURES

Signed _____
Name _____
Position _____
Date _____

for and on behalf of the
SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT

Signed by
for and on behalf of
PRS OPERATIONS LIMITED

(Signature of named signatory)