

**eppf S.A. acting for its compartment
London Borough of Sutton**



**£250,000,000 1.732 per cent.
Notes due 9 November 2055
(including £150,000,000 in aggregate principal amount of Retained Notes)
issued on a limited recourse basis for the purposes of financing a loan to**

The London Borough of Sutton
(established under the London Government Act 1963)

The issue price of the £250,000,000 1.732 per cent. Notes due 9 November 2055 (the "**Notes**") of eppf S.A. acting for its compartment London Borough of Sutton (the "**Issuer**") is 100 per cent. of their principal amount. The Notes are limited recourse obligations of the Issuer. The proceeds of the issuance of the Notes (or in the case of the Retained Notes, the proceeds of sale of the Notes to a third party) will be lent to the London Borough of Sutton (the "**Borrower**" and the "**Loan**"). The Borrower will enter into a loan agreement with the Issuer on or around 9 November 2020 (the "**Loan Agreement**"). The Loan Agreement will have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. The Loan Agreement will be available exclusively to meet the obligations entered into by the Issuer in relation to the issue of the Notes and may not be used by european primary placement facility (eppf) S.A. ("**eppf**") to meet its obligations in respect of any other compartment or any other obligations.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount in 21 equal instalments on each Interest Payment Date from, and including, 9 November 2045 to, and including, 9 November 2055 (each an "**Instalment Redemption Date**" and the last such date being the "**Maturity Date**"). The Notes are subject to redemption in whole at their Outstanding Principal Amount (as defined in the terms and conditions of the Notes) at any time in the event of certain changes affecting taxation in Luxembourg or the United Kingdom if the Borrower elects to repay the Loan for tax reasons. The Notes will also be redeemed in whole or in part, at the higher of their Outstanding Principal Amount and an amount calculated by reference to the yield on United Kingdom Government Stock plus an applicable margin together with accrued interest in the event that the Borrower exercises its corresponding right to repay the Loan (other than in the case of any date fixed for redemption which falls in the period from and including 9 August 2055 to but excluding the scheduled maturity date, in which case the Issuer may redeem the Notes in whole only at their Outstanding Principal Amount together with accrued interest). The Issuer will also be obliged to redeem the Notes at their Outstanding Principal Amount together with accrued interest in the event of an Authority Default in respect of the Borrower, subject to receipt by the Issuer of the corresponding payment of principal and/or interest in accordance with the Loan Agreement. See "*Terms and Conditions of the Notes—Redemption*".

The Notes will bear interest from 9 November 2020 at the rate of 1.732 per cent. per annum payable semi-annually in arrear on 9 May and 9 November in each year commencing on 9 May 2021.

Payments on the Notes will be made in pounds sterling without deduction for or on account of taxes imposed or levied by The Grand Duchy of Luxembourg, unless withholding or deduction is required by law and to the extent described under "*Terms and Conditions of the Notes—Taxation*".

Application has been made for the Notes to be admitted to trading on the International Securities Market of the London Stock Exchange plc (the "**ISM**") on or about 9 November 2020. The Notes are a new issue of securities and have no established trading market. There can be no assurance that an active trading market in the Notes will develop, and any trading market that does develop may not be liquid. The ISM is not a regulated market for the purposes of Directive 2014/65/EU, as amended ("**MiFID II**").

The ISM is a market designated for professional investors. Securities admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). The London

Stock Exchange plc has not approved or verified the contents of this Offering Circular. This Offering Circular does not comprise (i) a prospectus for the purposes of Part IV of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") or (ii) a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Lead Manager (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

MiFID II professionals/ECPs-only/No PRIIPs KID: the Manufacturer's target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs Regulation (as defined below) key information document (KID) has been prepared as not available to retail in the EEA (as defined below) or the United Kingdom.

The Notes will be in bearer form and in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons or principal receipts, which will be deposited on or around 9 November 2020 (the "**Closing Date**") with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons or principal receipts, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes will be rated Aa3 by Moody's Investors Service Limited ("**Moody's**"). Moody's is established in the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

CENTRUS

Lead Manager

RBC CAPITAL MARKETS

5 November 2020

CONTENTS

	Page
IMPORTANT NOTICES	1
INFORMATION INCORPORATED BY REFERENCE	3
OVERVIEW	4
RISK FACTORS	8
TERMS AND CONDITIONS OF THE NOTES	13
ANNEX TO THE TERMS AND CONDITIONS PROVISIONS FOR MEETINGS AND VOTING IN RELATION TO NOTES	23
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM.....	30
USE AND ESTIMATED NET AMOUNT OF PROCEEDS	32
THE LOAN AGREEMENT.....	33
DESCRIPTION OF THE ISSUER.....	41
DESCRIPTION OF THE BORROWER.....	45
TAXATION	48
SUBSCRIPTION AND SALE	50
GENERAL INFORMATION	52

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular (other than the information relating to the Borrower and the Loan Agreement) and declares that, having taken all reasonable care to ensure that such is the case, the relevant information in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Borrower accepts responsibility for the information contained in this Offering Circular relating to itself and the Loan Agreement and declares that, having taken all reasonable care to ensure that such is the case, the relevant information in this Offering Circular is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer and the Borrower (in relation to the information contained in this Offering Circular relating to itself and the Loan Agreement) have confirmed to the Lead Manager named under "*Subscription and Sale*" below (the "**Lead Manager**") that this Offering Circular contains all information regarding the Issuer, the Borrower and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer or (as the case may be) the Borrower are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor the Borrower has authorised the making or provision of any representation or information regarding the Issuer, the Borrower or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer and the Borrower. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Borrower, the Arranger or the Lead Manager.

None of the Arranger, the Lead Manager nor any of their affiliates has authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for the acts or omissions of the Issuer, the Borrower or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Borrower since the date of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Borrower, the Arranger and the Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

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

selling the Notes or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

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

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated in, and to form part of, this Offering Circular **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such statement.

1. London Borough of Sutton Unaudited Statement of Accounts for the year ended 31 March 2020
2. London Borough of Sutton Audited Statement of Accounts for the year ended 31 March 2019
3. London Borough of Sutton Audited Statement of Accounts for the year ended 31 March 2018
4. Audited Financial Statements of eppf for the year ended 31 October 2019
5. Audited Financial Statements of eppf for the year ended 31 October 2018
6. Investor Presentation prepared by the London Borough of Sutton dated October 2020

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Fiscal Agent (or by electronic means to the Fiscal Agent satisfaction) and (i) in the case of documents 1. to 3., on the website of the Borrower at https://www.sutton.gov.uk/downloads/download/559/annual_accounts, (ii) in the case of documents 4. to 6., on the website of eppf at <http://sutton.eppf.eu>, unless such documents have been modified or superseded.

OVERVIEW

This overview must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this overview.

The Issuer:	eppf S.A. acting for its compartment London Borough of Sutton
The Borrower:	The London Borough of Sutton (established under the London Government Act 1963)
Lead Manager:	RBC Europe Limited
Arranger:	Centrus Capital Markets Limited
Fiscal Agent:	The Bank of New York Mellon, London Branch
The Notes:	£250,000,000 1.732 per cent. Notes due 9 November 2055
Issue Price:	100 per cent. of the principal amount of the Notes.
Issue Date:	Expected to be on or about 9 November 2020.
Use of Proceeds:	<p>The proceeds of the issuance of the Notes (or in the case of the Retained Notes, the proceeds of sale of the Notes to a third party) will be lent to the Borrower. The Borrower will enter into a loan agreement with the Issuer (the "Loan Agreement"). The Loan Agreement will have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. The Loan Agreement will be available exclusively to meet the obligations entered into by the Issuer in relation to the issue of the Notes and may not be used by eppf to meet its obligations in respect of any other compartment or any other obligations. The obligations of the Issuer to Noteholders in respect of the Notes are limited in recourse to the Loan Agreement and any payments thereunder.</p>
Interest:	The Notes will bear interest from 9 November 2020 at a rate of 1.732 per cent. per annum payable semi-annually in arrear on 9 May and 9 November in each year commencing 9 May 2021.
Status:	The Notes are unsubordinated, unconditional and unsecured obligations of the Issuer. The obligations of the Borrower under the Loan Agreement are unsubordinated and unconditional.
Form and Denomination:	<p>The Notes will be issued in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000.</p> <p>The Notes will be issued in new global note ("NGN") form. The Notes will initially be in the form of a Temporary Global Note, without interest coupons or principal receipts, which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note without interest coupons or principal receipts, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in</p>

certain limited circumstances in whole, but not in part, for Notes in definitive form in the denominations of £100,000 each and integral multiples of £1,000 in excess thereof, up to and including £199,000 and with interest coupons and principal receipts attached.

Redemption in Instalments:	Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes will be redeemed in 21 equal instalments on each Interest Payment Date from and including 9 November 2045 to and including the Maturity Date (each, an " Instalment Redemption Date ").
Borrower Optional Redemption:	The Notes are subject to redemption in whole at their Outstanding Principal Amount together with accrued interest at any time in the event of certain changes affecting taxation in Luxembourg or the United Kingdom if the Borrower elects to repay the Loan for tax reasons. The Issuer will also be obliged to redeem the Notes, in whole or in part, at the higher of their Outstanding Principal Amount and an amount calculated by reference to the yield on United Kingdom Government Stock plus an applicable margin together with accrued interest in the event that the Borrower exercises its corresponding right to repay the Loan (other than in the case of any date fixed for redemption which falls in the period from and including 9 August 2055 to but excluding the scheduled maturity date, in which case the Issuer will be obliged to redeem the Notes in whole only at their Outstanding Principal Amount together with accrued interest).
Mandatory Redemption:	<p>The Issuer will also be obliged to redeem the Notes at their Outstanding Principal Amount together with accrued interest in the event of an Authority Default in respect of the Borrower, subject to receipt by the Issuer of the corresponding payment of principal and/or interest in accordance with the Loan Agreement.</p> <p>Following the occurrence of an Authority Default, the Issuer has covenanted to appoint an enforcement agent (the "Enforcement Agent") in order to take action on behalf of the Issuer against the Borrower to enforce its obligations under the Loan Agreement (including, but without limitation, calling in the Loan and/or taking enforcement proceedings in respect thereof).</p>
Negative Pledge:	None.
Cross Default:	The Notes will not contain a cross default provision. The Loan Agreement will contain a cross default provision as described in " <i>The Loan Agreement</i> ".
Retained Notes:	Pursuant to the terms of a custody agreement dated 5 November 2020 between the Issuer and The Bank of New York Mellon, SA/NV, Luxembourg Branch (the " Custodian " which expression shall include any successor to The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as such), the Custodian will hold the Retained Notes on the Issuer's behalf and the Issuer has waived its rights to receive payments (of interest, principal or otherwise) on the Retained Notes for so long as the Retained Notes are held on the Issuer's behalf and has instructed the Custodian accordingly and, for the avoidance of doubt, such waiver by the Issuer of such rights will continue to be effective following the occurrence of an Event of Default. Such waiver

may not be revoked prior to the sale or transfer of the Retained Notes to a third party. The Issuer will not permit the sale or transfer of the Retained Notes to a third party unless the Borrower has entered into a further Loan Agreement with the Issuer in a principal amount equal to the Retained Notes to be sold or transferred. The Issuer has authorised the Custodian to disclose the waiver given in respect of the Retained Notes (and the Retained Notes position with the Custodian) to the Principal Paying Agent and any applicable international clearing system for the Retained Notes to ensure that the waiver of the right to receive payments of interest, principal or otherwise in respect of the Retained Notes is effected.

Rating:

The Notes are expected to be rated Aa3 by Moody's. Moody's is established in the United Kingdom and registered under the CRA Regulations.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom but is endorsed by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom which is certified under the CRA Regulation.

Withholding Tax:

All payments of principal and interest in respect of the Notes and the Loan made by or on behalf of the Issuer or the Borrower shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Grand Duchy of Luxembourg or the United Kingdom, respectively, or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or pursuant to FATCA. In that event, the Issuer and/or the Borrower shall pay such additional amounts as will result in receipt by the Noteholders, Receiptholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject as set out in "*Terms and Conditions of the Notes—Taxation*" and in "*The Loan Agreement—Taxation*".

Governing Law:

The Notes, the Agency Agreement, the Deed of Covenant, and the Loan Agreement will be governed by English law.

Listing and Trading:

Application has been made for the Notes to be admitted to trading on the ISM on or about 9 November 2020. The ISM is not a regulated market for the purposes of MiFID II.

Clearing Systems:

Euroclear and Clearstream, Luxembourg

Selling Restrictions:

See "*Subscription and Sale*".

Risk Factors:

Investing in the Notes involves risks. See "*Risk Factors*".

ISIN: XS2207648937

Common Code: 220764893

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the businesses of the Issuer and the Borrower together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer and the Borrower that are not currently known to the Issuer and the Borrower, or that either currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Borrower and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.

Risks Relating to the Issuer

Limited Recourse

In order to generate the cash-flows to fund the instalments of principal or other amounts payable in respect of the Notes, the Issuer will enter into the Loan Agreement with the Borrower. If the cash payments under the Loan prove ultimately insufficient to pay in full all principal, interest and other amounts whatsoever payable in respect of the Notes, any shortfall arising will be extinguished as an obligation of the Issuer and the Holders will neither have any further claim against eppf (either against eppf, the Issuer or any other compartments) in respect of any such amounts nor have recourse to any other person for the loss sustained. eppf shall be under no obligation to pay, and the other assets (if any) of eppf including, in particular, assets in other compartments will not be available for payment of, such shortfall or loss. The Loan and proceeds thereunder will be deemed to be "ultimately insufficient" at such time as no further assets of the Issuer are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Holders and other creditors in respect of a compartment, and neither assets nor proceeds will be so available thereafter. In particular, an event of default under the Notes will not necessarily occur at the same time as the acceleration of any payments under the Loan or an Authority Default under the Loan Agreement, and therefore the Issuer may not have funds to pay the Notes on an accelerated basis.

Following the occurrence of an Authority Default, the Enforcement Agent shall take action on behalf of the Issuer against the Borrower to enforce its obligations under the Loan Agreement (including, but without limitation, calling in the Loan and/or taking enforcement proceedings in respect thereof). The fees, costs and expenses of the Enforcement Agent will be discharged from the proceeds of enforcement of the Loan Agreement and the sums available for payment to Holders will therefore be reduced accordingly.

The Holders shall not be entitled (nor any other person acting on behalf of any of them), to take any corporate action or other steps or legal proceedings for the winding-up, administration, examinership, dissolution or re-organisation or for the appointment of a receiver, administrator, examiner, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer regarding some or all of the revenues or assets of eppf or any of its compartments or have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under the Notes by eppf and shall not take any steps to recover any debts or liabilities of any nature whatsoever owing to it by eppf.

Limited Business and Limited Assets

eppf is a securitisation company with a business purpose and activity determined by the Luxembourg Securitisation Law, consisting mainly in the issuance of various series of securities and the granting of financing or the acquisition of other assets in connection with such issuance activity as well as other ancillary or related activities. The proceeds therefrom, which will be allocated to certain pools of assets (Compartments), which are statutorily segregated from each other, will serve as a source to satisfy the respective payment obligations under the related securities issued by eppf. Therefore the Issuer has no significant other source of income or significant other general assets, which could generate any income to satisfy payment obligations other than those in the relevant Compartments.

Luxembourg Securitisation Law and Compartments

Under Luxembourg law, eppf's assets and liabilities can be divided into "compartments". The liabilities of eppf in respect of any one series of Notes will be allocated to a specific compartment created for a specific borrower and will be segregated from eppf's other assets and liabilities and from the assets and liabilities allocated to all other compartments. The assets in a compartment will be available exclusively to meet the obligations entered into by eppf for a specific compartment and may not be used by eppf to meet its obligations in respect of any other compartment or any other obligations.

eppf is established as a société anonyme (public liability limited company) within the meaning of the Luxembourg Securitisation Law. This means that claims against eppf by holders of any notes issued under a compartment will be limited to the net assets of the relevant compartment. Further, under the Luxembourg Securitisation Law, the proceeds of the assets for each compartment are available only for distribution to the holders of notes issued by such compartment and other creditors relating to such compartment. A creditor of eppf may have claims against eppf in respect of more than one compartment, in which case such claims will be limited to the assets relating to the relevant compartment only. Assets held in different compartments of eppf are deemed to be assets of separate entities for the purpose of any creditors, including holders of any notes. The board of eppf may establish one or more compartments. Each compartment is a separate and distinct part of estate (patrimony) of eppf which may be distinguished by the relevant borrower, if any, the nature of acquired risks or assets, the conditions of any notes issued in relation to such compartment and the reference currency or other distinguishing characteristics.

The rights of holders of any notes issued in respect of a compartment and the rights of other creditors in respect of a compartment are limited to the assets of that compartment, where these rights relate to that compartment or have arisen at the occasion of the constitution, the operation or the liquidation of the relevant compartment. The assets of a compartment are, in principle, available only to satisfy the rights of holders of notes issued in relation to that compartment and the rights of other creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that compartment.

Risk Factors Relating to the Borrower

Risks related to the COVID-19 Pandemic

In March 2020, the World Health Organisation declared the outbreak of a new infectious disease known as "COVID-19", caused by the severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2), to be a global pandemic. COVID-19 was first identified in China in December 2019 and spread rapidly in almost all regions around the world, and has resulted in a rapid deterioration of the political, socio-economic and financial situation globally. In response to the COVID-19 pandemic, many countries, including the United Kingdom, implemented, and continue to implement, a range of emergency measures to stop the disease spreading more broadly, which resulted in many businesses being required to close temporarily with a resultant impact on unemployment and the macro-economic outlook. As at the date of this Offering Circular, the Borrower has seen a material reduction in income and an increase in costs as a result of the COVID-19 pandemic. Whilst certain of the emergency measures initially implemented by the UK government have been eased, as at the date of this Offering Circular, there is a significant risk of further resurgence of the disease which has resulted, and may result in the future, in further emergency measures being implemented by the UK government. Whilst as at the date of this Offering Circular it is difficult to predict the full extent of the effect which COVID-19 may have from a public health perspective and any further pre-emptive measures that may be adopted with a view to containing its spread, the application of any such further measures for a sustained period could have a material adverse effect on economic conditions and financial markets worldwide. This in turn could further reduce the income and increase the costs of the Borrower, which could potentially affect the ability of the Borrower to meet its payment obligations under the Loan. Please see "*Description of the Borrower– Recent Developments*" for further information.

Sources of funding

Local authorities in England, such as the Borrower, have three main sources of revenue finance: Council Tax, National Non-Domestic Rates ("NDR"), and grants provided by central government.

The level of Council Tax which local authorities can set is subject to referendum thresholds published each year by central government. If a local authority increases its Council Tax above the threshold, it is required

by law to hold a referendum. If the local electorate vote against that increase, the local authority will have to revert to a Council Tax level that is compliant. As a result of such thresholds, or other measures which may be introduced by HM Government in the future, there is a risk that the level of Council Tax which the Borrower may raise may be capped, frozen or reduced, which may in turn have an adverse effect on the revenues and financial condition of the Borrower.

The level of English NNDR is determined by reference to the rateable value of the relevant property and a multiplier set by the Secretary of State which (subject to certain exceptions) is to be approved by a resolution of the House of Commons. NNDR receipts, subject to a proportion of the revenue that is generated in their area that can be retained by local authorities, are paid into a national pool which is then distributed to local authorities in the amounts and on the basis set out in a local government finance report prepared by the Secretary of State. There is accordingly a risk that the relevant multiplier and/or the basis of distribution may change over time, which may mean that the amount of NNDR receipts available to the Borrower may be reduced, which may in turn have an adverse effect on the revenues and financial condition of the Borrower.

Central government provides specific and general grants to enable local authorities in England to deliver all the necessary services. The largest of these is revenue support grant. The amount of revenue support grant and the amounts proposed to be paid to local authorities are determined by the Secretary of State subject to certain requirements for consultation and for approval by a resolution of the House of Commons, as the case may be. Due to the nature of grant funding, there is a risk that the size of grants may vary over time and any reduction in the size of grants could have an adverse impact on the revenues and financial condition of the Borrower.

Borrowing powers

Under the Local Government Act 2003 (the "**LGA 2003**"), each local authority in England, such as the Borrower, must determine the amount of money that it can afford to borrow. This determination is subject to central Government's reserve powers to make regulations in relation to (amongst other things) when and how a local authority may determine its affordable borrowing limit and to cap the amount of borrowing to be incurred by a local authority if the total level of local government borrowing reaches levels that are damaging to the national economy, or if a particular authority is believed to be borrowing more than it can afford. No assurance can be given as to the impact which any regulations made by central Government or cap imposed by central Government after the date of this Offering Circular will have on the ability of the Borrower to continue to carry out its functions or to meet its obligations to make payments of principal and/or interest in respect of the Loan.

Insolvency

A local authority could be subject to the appointment of a receiver under section 13(5) of the LGA 2003 by the High Court upon application by a person entitled to principal or interest due in respect of any borrowing if the amount remains unpaid for a period of two months following written demand. The High Court may appoint such a receiver on such terms and confer on him such powers as it thinks fit. These powers may include any powers which the local authority has in relation to collecting, receiving or recovering the revenues of the local authority, issuing levies or precepts and setting, collecting and recovering council tax. Local authorities are not subject to the Insolvency Act 1986 (as amended).

Judicial review

As a statutory body, the actions and operations of a local authority in England, such as the Borrower, are subject to judicial review by the courts. The courts have an inherent jurisdiction to review the exercise of statutory power by public bodies or officers. Judicial review is concerned with reviewing not the merits of a decision in respect of which the application for judicial review is made (other than on the grounds of irrationality), but the decision making process itself. An application for judicial review may be brought by persons with "sufficient interest" in the decision taken by the relevant statutory or public body. Upon an application for judicial review, the courts may grant a quashing order, a prohibiting order or a mandatory order. In addition, the court has power, in specified circumstances, to grant a declaration or an injunction or to award damages. No assurance can be given that action taken by the Borrower will not be subject to an application for judicial review by a person with "sufficient interest" in the action and that such action will not be delayed or prohibited.

General political risk

As highlighted above, local authorities in England and their funding and operations are subject to direction and scrutiny from the Secretary of State. No assurance can be given as to the impact on the Loan or the Notes of any possible change of the Secretary of State or to the statutory framework relating to local authorities after the date of this Offering Circular.

Risks Relating To The Notes

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Borrower. Although application has been made for the Notes to be admitted to trading on the ISM, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The Notes may be redeemed prior to maturity.

In the event that the Issuer or the Borrower would be obliged to increase the amounts payable in respect of the Loan or the Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Grand Duchy of Luxembourg or the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, and the Borrower elects to repay the Loan Agreement, the Issuer shall redeem all outstanding Notes in accordance with the Conditions.

In addition, the Conditions provide that, if the Borrower so elects under the terms of the Loan Agreement, the Notes are redeemable in certain other circumstances and in particular the Borrower may choose to repay the Loan, in whole or, in certain circumstances, in part, at times when prevailing interest rates may be relatively low and, in such cases, the Notes shall also be redeemed, in whole or, in certain circumstances, in part. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer and the Borrower have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer or the Borrower in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Change of law

The Conditions of the Notes and the terms of the Loan Agreement are based on English law and Luxembourg law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or Luxembourg law or administrative practice or any other laws after the date of this Offering Circular.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

Credit Rating

The Notes have been assigned a rating of "Aa3" by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom but is endorsed by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom which is certified under the CRA Regulation.

The Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and without regard to the individual interests of particular Holders.

The Conditions of the Notes contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of the including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. The Conditions of the Notes also permit the substitution of the Borrower, or, subject to certain conditions, a special purpose vehicle or other entity, as principal obligor in respect of the Notes in the circumstances described in Condition 10 (*Substitution*).

Limited Independent Investigation and Limited Information

Neither the Issuer, the Arranger, the Lead Manager nor any of their agents, directors, employees, affiliates or advisors have given any indication about the credit quality of the Borrower. No implicit statement is made and no investor can rely on the mere fact that the Borrower has been accepted by the Issuer to use its infrastructure. Such acceptance must not be understood or construed as a sign of approval, guarantee or otherwise that the performance by Borrower of its various obligations under the Loan and other agreements is secured or guaranteed in any way.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Form.* The £250,000,000 1.732 per cent. Notes due 9 November 2055 (the "**Notes**", which expression includes any further notes issued pursuant to § 11 and forming a single series therewith) of European primary placement facility (eppf) S.A. acting for its Compartment London Borough of Sutton (the "**Issuer**") are the subject of a fiscal agency agreement dated 20 March 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Terms and Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Holders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) and principal receipts ("**Receiptholders**" and the "**Receipts**" respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Holders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below or via electronic means at the Paying Agent's discretion.

(2) *Denomination.* The Notes are being issued in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof, up to and including £199,000 with Receipts, Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes, the Receipts, the Coupons and the Talons will pass by delivery. The holder of any Note, Receipt or Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

(3) *Retained Notes:* £150,000,000 in aggregate principal amount of Notes (the "**Retained Notes**") will be purchased by the Issuer on or about 9 November 2020 (the "**Issue Date**") and deposited in a custody account with The Bank of New York Mellon SA/NV, Luxembourg Branch as custodian (the "**Custodian**" which expression shall include any successor to The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as such). The Issuer has waived its rights to receive payments (of interest, principal or otherwise) on the Retained Notes for so long as the Retained Notes are held on the Issuer's behalf and has instructed the Custodian accordingly and, for the avoidance of doubt, such waiver by the Issuer of such rights will continue to be effective following the occurrence of an Event of Default. Such waiver may not be revoked prior to the sale or transfer of the Retained Notes to a third party. The Issuer covenants that it will not permit the sale or transfer of the Retained Notes to a third party unless the Borrower has entered into a supplemental or amended loan agreement with the Issuer (on substantially similar terms to the original Loan Agreement (as defined below)) in a principal amount equal to the outstanding principal amount of the Retained Notes to be sold or transferred. The Issuer has authorised the Custodian to disclose the waiver given hereby in respect of the Retained Notes (and the Retained Notes position with the Custodian) to the Principal Paying Agent and any applicable international clearing system for the Retained Notes to ensure that the waiver of the right to receive payments of interest, principal or otherwise in respect of the Retained Notes is effected.

§ 2

STATUS, LIMITED RECOURSE AND NON-PETITION

(1) *Status.* The Notes (and the Receipts and Coupons relating thereto) constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and (subject as aforesaid) *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of law.

(2) *Limited Recourse and Non-Petition.* All payment obligations of the Issuer under the Notes constitute exclusive obligations to pay out the obligations under these Terms and Conditions. Such funds shall be generated by, and limited to payments made to the Issuer by the London Borough of Sutton (the "**Borrower**") under the loan agreement entered into on or about the Issue Date (and amended and/or supplemented from time to time, the "**Loan Agreement**"). The Notes shall not give rise to any payment obligation in excess of the Loan Agreement proceeds and recourse shall be limited accordingly. To the extent that the Loan Agreement proceeds, or the proceeds of realisation thereof, prove ultimately insufficient to satisfy the claims of all Holders in full, then any shortfall arising therefrom shall be extinguished and no Holder shall have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time as no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Holders, and neither assets nor proceeds shall be so available thereafter.

The Holders shall not:

- (a) take any corporate action or other steps or legal proceedings for the winding-up, administration, examinership, dissolution or re-organisation or for the appointment of a receiver, administrator, examiner, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer regarding some or all of the revenues and assets of the Issuer; or
- (b) have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under the Notes by the Issuer and shall not take any steps to recover any debts or liabilities of any nature whatsoever owing to it by the Issuer.

(3) *Compartment.* The Notes will be issued in respect of and allocated solely to a separate compartment of European primary placement facility (EPPF) S.A. (Compartment London Borough of Sutton) created by the board of directors of European primary placement facility (EPPF) S.A. The Issuer undertakes not to permit the compartment to be used for any purposes other than the issuance of the Notes, the entry into the Loan Agreement (including any amendment and/or supplement thereto in the circumstances contemplated in these Terms and Conditions), and matters connected with or incidental thereto.

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Outstanding Principal Amount at the rate of 1.732 per cent. per annum from and including 9 November 2020 to but excluding the Maturity Date (as defined in § 5(1)).

Interest shall be payable in arrear on 9 May and 9 November in each year (each such date, an "**Interest Payment Date**"). The first payment of interest shall be made on 9 May 2021. The number of Interest Payment Dates per calendar year is two.

(2) *Business Day Convention.* If the Interest Payment Date is not a Business Day (as defined in § 4(4)) then the Holder shall not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day.

(3) The Notes will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused. In such event, the Notes shall continue to bear interest at the rate of interest specified in § 3 (1) (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of the Notes are received by or on behalf of the Holders; and (B) the day falling seven calendar days after the Fiscal Agent has notified Holders of receipt of all sums due in respect of all Notes up to that seventh calendar day (except to the extent that there is a failure in the subsequent payment to the relevant Holders under these Terms and Conditions).

(4) *Day Count Fraction.* In these Terms and Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**". Where interest is to be calculated in respect of a period which is not equal to an Interest Period, interest in respect of each £1,000 in principal amount of the Notes (as reduced pro rata to take account of any reduction in the Outstanding Principal Amount of the Notes, the "**Calculation Amount**") for any period shall be equal to the product of 1.732 per cent, the Calculation Amount and the Day Count Fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards). "**Day Count Fraction**" means with regard to the calculation of the amount of interest for any period of time (the "**Calculation Period**"):

- (a) if the Calculation Period (from and including the first day of such period but excluding the last) is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from and including the first day of such period but excluding the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(1)) that would occur in one calendar year; or
- (b) if the Calculation Period (including the first but excluding the last day of this period) is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (i) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(1)) that would occur in one calendar year and
 - (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(1)) that would occur in one calendar year.

"Determination Date" means 9 May and 9 November in each year.

"Determination Period" means the period from (and including) a Determination Date to, (but excluding) the next Determination Date.

"Outstanding Principal Amount" means, in respect of each Note, its principal amount as reduced from time to time pursuant to § 5 (1) (*Redemption in Instalments*).

§ 4 PAYMENTS

(1) Subject as provided below, payments will be made by credit or transfer to a sterling account maintained by the payee with a bank in London.

(2)

- (a) *Presentation of Notes, Receipts and Coupons.* Payments of principal in respect of the Notes will (subject as provided below) be made in the manner provided in § 4 (1) only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Notes, and payments of interest in respect of the Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Payments of instalments of principal on an Instalment Redemption Date (other than the Instalment Redemption Date falling on the Maturity Date) will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Receipt, in each case at the specified office outside the United States of any of the Paying Agents. Each Receipt must be presented for payment together with the Note to which it appertains. Receipts presented without the Note to which they appertain do not constitute valid obligations of the Issuer.

- (b) Notes should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in § 8) in respect of such principal (whether or not such Coupon would otherwise have become void under § 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.
- (c) Upon any Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

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

(d) *Payment subject to fiscal laws and in Specified Currency.* All payments under the Notes will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (in each case without prejudice to the provisions of § 7 (*Taxation*)). Subject to the foregoing, all payments of amounts due in respect of the Notes shall be made in Sterling.

(3) *United States.* For the purposes of these Terms and Conditions "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day then Holders shall subject to § 3(2) not be entitled to payment until the next Business Day in the relevant place of business and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as commercial banks and foreign exchange markets in London settle payments.

(5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Outstanding Principal Amount of the Notes; and any premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

§ 5 REDEMPTION

(1) *Redemption in Instalments.* Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in 21 equal instalments (each a "**Redemption Instalment**") of £47.61 per £1,000 in original principal amount on each Interest Payment Date from, and including, 9 November 2045 to, and including, the Maturity Date (each an "**Instalment Redemption Date**").

"**Maturity Date**" means 9 November 2055, being the final Instalment Redemption Date.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg or the United Kingdom, or in either case, any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after 2 November 2020, the Issuer and/or the Borrower is required to pay Additional Amounts (as defined in § 7 herein or, as the case may be, § 7 of the Loan Agreement) at the next Interest Payment Date (as defined in § 3 (1) herein), or at maturity of the Notes or, as the case may be, the Loan, and the Borrower elects to redeem the Loan Agreement, the Notes shall be redeemed on the date on which payment is made by the Borrower under the Loan Agreement, by the Issuer in whole but not in part, upon not more than 60 days' nor less than 30 days' prior notice of redemption given by the Issuer to the Fiscal Agent and, in accordance with § 12 to the Holders, at their Outstanding Principal Amount together with any interest accrued to but excluding the date of repayment. Any such notice shall be irrevocable and shall set out the relevant early redemption date.

(3) *Early Redemption at the Option of the Borrower.*

In the event that the Borrower elects to repay the Loan Agreement (other than for reasons of taxation) before its scheduled maturity, the Issuer shall, on giving not less than 30 nor more than 60 days' notice to the Holders in accordance with § 12 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")) which shall be the date on which payment is made by the Borrower under the Loan Agreement, redeem the corresponding principal amount of the

Notes for the time being outstanding, in the case of (a) below in whole only, or in the case of (b) in whole or in part, at a redemption price per Note equal to (a) if the Optional Redemption Date is on or after 9 August 2055, the Outstanding Principal Amount of the Note; or (b) otherwise, the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:

- (a) the Outstanding Principal Amount of the Note; and
- (b) the Outstanding Principal Amount of the Note multiplied by the price (as reported in writing to the Issuer and the Fiscal Agent by an independent financial adviser (the "**Financial Adviser**") appointed by the Issuer at the Borrower's expense, following consultation with the Borrower) expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding until their stated maturity) on the Redemption Determination Date is equal to the sum of (x) the Gross Redemption Yield at 11.00 a.m. (London time) on the Redemption Determination Date of the 0.625 per cent. United Kingdom Government Treasury Stock due October 2050 (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, such Note is not appropriate for such purpose, such other United Kingdom government security as such Financial Adviser may recommend following any guidance published by the International Capital Market Association at the relevant time (if any)) (the **United Kingdom Government Stock**) plus (y) a margin of 0.15 per cent.

Any notice of redemption given under this § 5 (3) will override any notice of redemption given (whether previously, on the same date or subsequently) under § 5 (2).

In these Terms and Conditions:

"Redemption Determination Date" means the date which is the business day in London prior to the Optional Redemption Date; and

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

In the event of a partial redemption of the Notes, references in these Terms and Conditions to Outstanding Principal Amount shall be construed accordingly.

(4) Mandatory Prepayment upon Authority Default

If an Authority Default occurs with respect to the Borrower, the Issuer shall redeem the Notes in whole at their Outstanding Principal Amount together with accrued interest. Subject always to § 2 (2), the obligation of the Issuer to redeem the Notes in accordance with the foregoing shall be subject to receipt by the Issuer of a corresponding payment of principal and/or interest pursuant to the Loan and such redemption shall occur on the date which is two Business Days after the Loan is repaid (the "**Loan Repayment Date**").

Notwithstanding anything to the contrary in these Terms and Conditions, following an Authority Default interest shall cease to be payable on each Interest Payment Date but shall continue to accrue to (but excluding) the Loan Repayment Date.

Notice of an Authority Default shall be given by the Issuer to the Fiscal Agent, the Paying Agents and the Holders in accordance with § 12, as soon as reasonably practicable.

"Authority Default" means an event of default in respect of the Borrower pursuant to the terms of the Loan Agreement.

(5) Purchase of Notes

The Borrower may at any time purchase Notes in the open market or otherwise at any price, provided that, following any such purchase, the Borrower shall surrender the Notes to the Issuer for cancellation. An amount equal to the Outstanding Principal Amount of the Notes being surrendered shall be deemed to be prepaid under the Loan Agreement.

All Notes which are redeemed, or purchased by the Borrower and surrendered for cancellation, will forthwith be cancelled. Notes so cancelled may be reissued or resold.

§ 6

THE FISCAL AGENT AND THE PAYING AGENT

(1)

(a) *Appointment; Specified Office.* The initial Fiscal Agent and its specified office shall be:

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

The Fiscal Agent reserves the right at any time to change its specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and to appoint another Fiscal Agent or additional or other Paying Agents, provided that the Issuer shall at all times maintain a Fiscal Agent

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 12.

(3) *Agent of the Issuer.* The Fiscal Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7

TAXATION

All amounts payable in respect of these Notes and all payments in respect of the Loan Agreement shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or in or for the account of the Grand Duchy of Luxembourg or the United Kingdom respectively, or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law or pursuant to FATCA. In such event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable otherwise than by withholding or deduction from amounts payable; or
- (b) are payable because the Notes are presented for payment in Luxembourg; or
- (c) are payable on the Notes by reason of the Holder having, or having had, some personal or business connection with the Grand Duchy of Luxembourg or the United Kingdom and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Grand Duchy of Luxembourg or the United Kingdom; or
- (d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or, if later, is duly provided for and notice thereof is published in accordance with § 12 but only to the extent such taxes or duties exceed the amount that would be due on such 30th day.

Notwithstanding any other provisions in these Terms and Conditions, the Issuer shall be permitted to withhold or deduct any amounts required to be withheld or deducted pursuant to FATCA ("**FATCA withholding**") as a result of a holder, beneficial owner or an intermediary that are not agents of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Holder for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

"**FATCA**" means Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

§ 8

PRESCRIPTION PERIOD

Claims in respect of principal, premium, interest or any other amounts payable in respect of the Notes will become void unless presented for payment within a period of 10 years (in the case of principal or premium) or five years (in the case of interest or any other amounts) from the appropriate Relevant Date.

For the purposes of the foregoing, "**Relevant Date**" means whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holders.

§ 9

EVENTS OF DEFAULT AND ENFORCEMENT

(1) *Events of default.* Each Holder shall be entitled to declare due and payable by notice to the Fiscal Agent its entire claims arising from these Notes and demand the immediate redemption thereof at their Outstanding Principal Amount together with accrued interest (if any) to the date of repayment, if any of the following events (each an "**Event of Default**") has occurred and is continuing:

- (a) the Issuer fails to pay principal or interest under the Notes within 30 days from the relevant due date (save in the circumstances provided in § 5 (4)); or
- (b) the Issuer fails to duly perform any other obligation arising from the Notes and such failure continues for more than 30 days after the Fiscal Agent has received notice thereof from a Holder; or
- (c) the Issuer ceases its payments generally or announces its inability to meet its financial obligations; or
- (d) the Issuer ceases all or substantially all of its business operations; or
- (e) the Issuer enters into liquidation, except in connection with a merger or other form of combination with another company or in connection with a reorganisation and such other or new company assumes all obligations undertaken by the Issuer under or in connection with the Notes; or
- (f) a court institutes insolvency proceedings or composition proceedings to avert insolvency, or similar proceedings against the assets of the Issuer and such proceedings are not being ceased or stayed within 60 days, or the Issuer applies for institution of such proceedings in respect of its assets or offers or makes a general arrangement for the benefit of its creditors generally, or a third party applies for insolvency proceedings against the Issuer and such proceedings are not being ceased or stayed within 60 days;
- (g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes.

The right to declare Notes due and payable shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Quorum.* In the case of an event specified in subparagraph (1) (b) any notice declaring the Notes to be due and payable shall become effective only when the Fiscal Agent has received such notices from the Holders of at least 25 per cent. in aggregate Outstanding Principal Amount of Notes then outstanding.

(3) *Notice.* Unless stipulated differently in these Terms and Conditions or required differently by law, notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in text format or writing in the English language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) and by hand or mail. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes.

(4) *Authority Default*: Following the occurrence of an Authority Default, the Issuer covenants to appoint an enforcement agent (the "**Enforcement Agent**") to take action on behalf of the Issuer against the Borrower to enforce its obligations under the Loan Agreement (including, but without limitation, calling in the Loan and/or taking enforcement proceedings in respect thereof). The fees, costs and expenses of the Enforcement Agent will be discharged from the proceeds of enforcement of the Loan Agreement and the sums available for payment to Holders will therefore be reduced accordingly. Upon repayment of the Loan following an Authority Default, the Issuer shall redeem the Notes in accordance with § 5 (4). For the avoidance of doubt, an Authority Default does not, of itself, constitute an Event of Default in respect of the Notes. The Issuer is entitled to vary or terminate the appointment of the Enforcement Agent and/or appoint additional or other Enforcement Agents, provided that there will be an Enforcement Agent at all times when required by these Conditions.

§ 10 SUBSTITUTION

(1) *Substitution*. The Issuer shall at any time, at the direction of the Borrower and without the consent of the Holders and as long as no payment of principal of or interest on any of the Notes is in default, substitute the Borrower, or any other person or entity as principal debtor (the "**Substitute Debtor**") in respect of all obligations arising from or in connection with the Notes, provided that:

- (a) the Borrower and the relevant Substitute Debtor (if the Substitute Debtor is not the Borrower) have obtained all necessary authorisations required for the fulfilment of the payment obligations arising under the Notes;
- (b) the Borrower assumes all of the obligations of the Issuer or (in the event that the Substitute Debtor is not the Borrower) either (i) provides an unconditional guarantee of all obligations of the Substitute Debtor (as applicable) arising from or in connection with the Notes or (ii) enters into a loan agreement with the Substitute Debtor on substantially the same terms as the Loan Agreement including as to the amount and timing of any payment of principal and interest thereunder, and procures that the Holders of the Notes are granted a first ranking security interest or statutory priority over the benefit of the Loan Agreement by the Substitute Debtor that is no less favourable than the ranking initially afforded to Holders pursuant to the Luxembourg Securitisation Law;
- (c) the Borrower undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon it as a consequence of assumption of the obligations of the Issuer by the Substituted Debtor;
- (d) there shall have been delivered to the Fiscal Agent a legal opinion from lawyers of recognised standing to the effect that subparagraphs (a), (b) and (c) above have been satisfied.

(2) *Notice*. Notice of any such substitution shall be published in accordance with § 12.

(3) *Change of References*.

- (a) In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor.
- (b) In the event of any such substitution, the Substitute Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes with the same effect as if the Substitute Debtor had been named as the Issuer herein, and the Issuer shall be released from its liability as obligor under the Notes.

§ 11 FURTHER ISSUES AND PURCHASES OF NOTES

The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Date and the date of the first payment of interest) so as to form a single series with the Notes.

§ 12 NOTICES

All notices concerning these Notes shall be valid if published by way of electronic publication on the internet website of the International Securities Market of the London Stock Exchange (<https://www.londonstockexchange.com/>). Any notice so given will be deemed to have been validly given on the date of such publication.

§ 13

AMENDMENTS TO THE TERMS AND CONDITIONS BY RESOLUTION OF THE HOLDERS

(1) *Meetings of Holders.* The Annex to these Terms and Conditions contains provisions for convening meetings of Holders to consider matters relating to the Notes, including the modification of any provision of these Terms and Conditions or the Loan Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Holders holding not less than one-tenth of the aggregate Outstanding Principal Amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing a clear majority of the aggregate Outstanding Principal Amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Holders whatever the Outstanding Principal Amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than a clear majority of the aggregate Outstanding Principal Amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, a Written Resolution will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(2) *Modification.* The Notes, these Terms and Conditions, the Loan Agreement and the Deed of Covenant may be amended without the consent of the Holders to correct a manifest error or if such modification is of a formal, minor or technical nature. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Holders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Holders.

For the purposes of the foregoing:

"Extraordinary Resolution" has the meaning given in the Annex to these Terms and Conditions.

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

"Reserved Matter" means any proposal:

- to change any date fixed for payment of principal or interest in respect of the Notes or the Loan Agreement, to reduce the amount of principal or interest payable on any date in respect of the Notes or the Loan Agreement, or to alter the method of calculating the amount of any payment in respect of the Notes or the Loan Agreement on redemption or maturity or the date for any such payment;
- to effect the exchange or substitution of the Notes or the Loan Agreement for, or the conversion of the Notes or the Loan Agreement into, shares, bonds or other obligations or securities of the Issuer or the Borrower (as applicable) or any other person or body corporate formed or to be formed;
- to change the currency in which amounts due in respect of the Notes or the Loan Agreement are payable;
- to change the quorum required at any meeting or the majority required to pass an Extraordinary Resolution; or
- to amend this definition.

"**Written Resolution**" has the meaning given in the Annex to these Terms and Conditions.

§ 14

GOVERNING LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Governing Law.* The Agency Agreement and the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

For the avoidance of doubt, in respect of the Issuer, Articles 470-3 to 470-19 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended ("**Luxembourg Companies Law**"), in relation to, amongst other things, noteholders' meeting, are excluded.

(2) *Jurisdiction.* The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This § 14 (2) is for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(3) The Issuer irrevocably appoints eppf Services (UK) Ltd. at 71-75 Shelton Street, London, WC2H 9JQ, United Kingdom as its agent for service of process in England. If for any reason the Issuer does not have such an agent in England at any time while the Notes remain outstanding, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

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

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

**ANNEX TO THE TERMS AND CONDITIONS
PROVISIONS FOR MEETINGS AND VOTING IN RELATION TO NOTES**

Interpretation

In this Annex:

references to a "**meeting**" are to a meeting of Holders and include, unless the context otherwise requires, any adjournment;

"**agent**" means a holder of a voting certificate or a proxy for, or representative of, a Holder;

"**Alternative Clearing System**" means any clearing system other than Euroclear or Clearstream, Luxembourg;

"**block voting instruction**" means an instruction issued in accordance with §6;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Electronic Consent**" has the meaning set out in §13;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Extraordinary Resolution**" means a resolution passed (a) at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast; (b) by a Written Resolution; or (c) by Electronic Consent;

"**voting certificate**" means a certificate issued in accordance with §5;

"**Written Resolution**" means a resolution in writing signed by the holders of not less than 75 per cent. in Outstanding Principal Amount of the Notes outstanding; and

references to "**persons representing a proportion of the Notes**" are to Holders or agents holding or representing in the aggregate at least that proportion in Outstanding Principal Amount of the Notes for the time being outstanding and where Notes are held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, references herein to the deposit or release or surrender of Notes shall be construed in accordance with the usual practices (including in relation to the blocking of the relevant account) of Euroclear or Clearstream, Luxembourg or such Alternative Clearing System.

1. Powers of meetings

A meeting shall, subject to the Terms and Conditions and without prejudice to any powers conferred on other persons by the Agency Agreement, have power by Extraordinary Resolution:

- (a) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Holders and/or the Receiptholders or Couponholders against the Issuer, whether or not those rights arise under the Agency Agreement;
- (b) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- (c) to assent to any modification of the Agency Agreement, the Deed of Covenant, the Notes the Receipts or the Coupons proposed by the Issuer;
- (d) to assent to any modification of the Loan Agreement proposed by the Issuer save that no such approval shall be required in respect of an amendment or supplement in accordance with §1(3) or §11 of the Loan Agreement or to correct a manifest error or if such modification is of a formal, minor or technical nature;
- (e) to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;

- (f) to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- (g) to appoint any persons (whether Holders or not) as a committee or committees to represent the Holders' interests and to confer on them any powers or discretions which the Holders could themselves exercise by Extraordinary Resolution; and
- (h) without prejudice to Condition §10, to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor in respect of the Notes,
- (i) provided that the special quorum provisions in §9 shall apply to any Extraordinary Resolution (a "**Reserved Matter**") for the purpose of (b) or (h) or the Notes which would have the effect of:
 - (i) changing any date fixed for payment of principal or interest in respect of the Notes, reducing the amount of principal or interest payable on any date in respect of the Notes or altering the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment or, in each case, making any corresponding changes to the Loan Agreement;
 - (ii) effecting the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
 - (iii) changing the currency in which amounts due in respect of the Notes or the Loan Agreement are payable;
 - (iv) changing the quorum required at any meeting or the majority required to pass an Extraordinary Resolution; or
 - (v) amending this proviso.

2. **Convening a meeting**

The Issuer may at any time convene a meeting. If it receives a written request by Holders holding at least 10 per cent. in aggregate Outstanding Principal Amount of the Notes for the time being outstanding, the Issuer shall convene a meeting of the Holders.

3. **Notice of meeting**

At least 21 days' notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) shall be given to the Holders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and the nature of the resolutions to be proposed and shall explain how Holders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable.

4. **Cancellation of meeting**

A meeting that has been validly convened in accordance with §3 above, may be cancelled by the person who convened such meeting by giving at least 7 days' notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) to the Holders. Any meeting cancelled in accordance with this §4 shall be deemed not to have been convened.

5. **Voting Certificates**

If a holder of a Note wishes to obtain a voting certificate in respect of it for a meeting, he must deposit such Note for that purpose at least 48 hours before the time fixed for the meeting with a Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Paying Agent for the purpose. The Paying Agent shall then issue a voting certificate in respect of it.

A voting certificate shall:

- (a) be a document in the English language;
- (b) be dated;
- (c) specify the meeting concerned and (if applicable) the serial numbers of the Notes deposited;
- (d) entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Notes; and
- (e) specify details of evidence of the identity of the bearer of such voting certificate (such as a valid passport or driver's licence).

Once a Paying Agent has issued a voting certificate for a meeting in respect of a Note, it shall not release the Note until either:

- (a) the meeting has been concluded; or
- (b) the voting certificate has been surrendered to the Paying Agent.

6. **Block Voting Instructions**

If a holder of a Note wishes the votes attributable to it to be included in a block voting instruction for a meeting, then, at least 48 hours before the time fixed for the meeting, (i) he must deposit the Note for that purpose with a Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Paying Agent for the purpose or blocked in an account with a clearing system and (ii) he or a duly authorised person on his behalf must direct the Paying Agent how those votes are to be cast. The Paying Agent shall issue a block voting instruction in respect of the votes attributable to all Notes so deposited.

A block voting instruction shall:

- (a) be a document in the English language;
- (b) be dated;
- (c) specify the meeting concerned;
- (d) list the total number and serial numbers (if applicable) of the Notes deposited, distinguishing with regard to each resolution between those voting for and those voting against it;
- (e) certify that such list is in accordance with Notes deposited and directions received as provided in this §6 and;
- (f) appoint one or more named persons (each a "**proxy**") to vote at that meeting in respect of those Notes and in accordance with that list.

A proxy need not be a Holder.

Once a Paying Agent has issued a block voting instruction for a meeting in respect of the votes attributable to any Notes:

- (a) it shall not release the Notes, except as provided in the paragraph below, until the meeting has been concluded and
- (b) the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.

If the receipt for a Note deposited with or to the order of a Paying Agent in accordance with the paragraphs above is surrendered to the Paying Agent at least 48 hours before the time fixed for the

meeting, the Paying Agent shall release the Note and exclude the votes attributable to it from the block voting instruction.

Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at such place as the Fiscal Agent shall designate or approve, and in default the block voting instruction shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. If the Fiscal Agent requires, a certified copy of each block voting instruction shall be produced by the proxy at the meeting but the Fiscal Agent need not investigate or be concerned with the validity of the proxy's appointment.

A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Holders' instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the Fiscal Agent by the Issuer at its registered office or by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.

No Note may be deposited with or to the order of a Paying Agent at the same time for the purposes of §5 and §6 for the same meeting.

7. **Chairman**

The chairman of a meeting shall be such person as the Issuer may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Holders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Holder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

8. **Attendance**

- (a) The following may attend and speak at a meeting:
- (b) Holders and agents;
- (c) the chairman; and
- (d) the Issuer (through its representatives) and its financial and legal advisers

No-one else may attend or speak.

9. **Quorum and Adjournment**

No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Holders or if the Issuer agrees, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

One or more Holders or agents present in person shall be a quorum:

- (a) in the cases marked "No minimum proportion" in the table below, whatever the proportion of the Notes which they represent;
- (b) in any other case, only if they represent the proportion of the Notes shown by the table below.

Column 1	Column 2	Column 3
Purpose of meeting	Any meeting except one referred to in column 3	Meeting previously adjourned

Column 1	Column 2	Column 3
		through want of a quorum
	Required Proportion	Required Proportion
To pass a Reserved Matter	75 per cent	A clear majority
To pass any other Extraordinary Resolution	A clear majority	No minimum proportions
Any other purpose	10 per cent	No minimum proportions

The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this §9.

At least 10 days' notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the adjourned meeting) of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

10. **Voting**

Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer or one or more persons representing not less than 2 per cent. of the Notes.

Unless a poll is demanded a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.

A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.

On a show of hands every person who is present in person and who produces a Note or a voting certificate or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each £1 in Outstanding Principal Amount of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

11. **Effect and Publication of an Extraordinary Resolution**

An Extraordinary Resolution shall be binding on all the Holders, whether or not present at the meeting, and on all the Receiptholders and Couponholders and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Holders within 14 days but failure to do so shall not invalidate the resolution.

12. **Minutes**

Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

13. **Written Resolution and Electronic Consent**

Subject to the following sentence, a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Holders.

For so long as the Notes are in the form of a Global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, then, in respect of any resolution proposed by the Issuer:

Electronic Consent: where the terms of the resolution proposed by the Issuer have been notified to the Holders through the relevant clearing system(s) as provided in sub-paragraphs (i) and/or (ii) below, each of the Issuer and the Fiscal Agent shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Fiscal Agent or another specified agent in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in Outstanding Principal Amount of the Notes outstanding (the "**Required Proportion**") ("**Electronic Consent**") by close of business on the Relevant Date. Any resolution passed in such manner shall be binding on all Holders, Receipholders and Couponholders, even if the relevant consent or instruction proves to be defective. Neither the Issuer nor the Fiscal Agent shall be liable or responsible to anyone for such reliance.

- (a) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Holders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Holders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "Relevant Date") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).
- (b) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Such determination shall be notified in writing to the other party or parties to the Agency Agreement. Alternatively, the Proposer may give a further notice to Holders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer. Such notice must inform Holders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (a) above. For the purpose of such further notice, references to "Relevant Date" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened in accordance with paragraph 3 above, unless that meeting is or shall be cancelled or dissolved; and

Written Resolution: where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the Issuer, (a) by accountholders in the clearing system(s) with entitlements to such Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such

entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Fiscal Agent shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "relevant clearing system") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, Receiptholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Holders and holders of Receipts, Coupons and Talons, whether or not they participated in such Written Resolution and/or Electronic Consent.

14. **Miscellaneous**

If and whenever the Issuer shall have issued and have outstanding Notes of more than one Series the foregoing provisions of this Annex shall have effect subject to the following modifications:

- (a) a resolution which affects the Notes of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Notes of that Series;
- (b) a resolution which affects the Notes of more than one Series but does not give rise to a conflict of interest between the holders of Notes of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Notes of all the Series so affected;
- (c) a resolution which affects the Notes of more than one Series and gives or may give rise to a conflict of interest between the holders of the Notes of one Series or group of Series so affected and the holders of the Notes of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Notes of each Series or group of Series so affected; and
- (d) to all such meetings all the preceding provisions of this Annex shall mutatis mutandis apply as though references therein to Notes and Holders were references to the Notes of the Series or group of Series in question or to the holders of such Notes, as the case may be.

If the Issuer shall have issued and have outstanding Notes which are not denominated in pounds sterling, in the case of any meeting of holders of Notes of more than one currency, the Outstanding Principal Amount of such Notes shall (i) for the purposes of §2 be the equivalent in pounds sterling at the spot rate of a bank nominated by the Issuer for the conversion of the relevant currency or currencies into pounds sterling on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer and (ii) for the purposes of paragraphs §9 and §10 (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting. In such circumstances, on any poll each person present shall have one vote for each £1 (or such other amount as the Issuer may in its absolute discretion stipulate) in Outstanding Principal Amount of the Notes (converted as above) which he holds or represents.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Offering Circular.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000 at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Receipts, Coupons and Talons attached, in an aggregate principal amount equal to the Outstanding Principal Amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant dated 9 November 2020 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the Outstanding Principal Amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which banks are open for general business in London.

Instalment Redemption and Cancellation: Reduction of the Outstanding Principal Amount of any Global Note following its redemption in one or more instalments, and cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its final redemption or purchase will be effected by entry in the records of Euroclear or Clearstream, Luxembourg, as the case may be. While the Notes are represented by a Global Note, instalments of principal in respect of the Notes will be calculated by reference to the entire Outstanding Principal Amount of the Global Note, rounding the resulting figure to the nearest penny (half a penny being rounded upwards), rather than each £1,000 in original principal amount.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 5 (3) (*Redemption at the option of the Borrower*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount at their discretion).

Notices: Notwithstanding Condition 12 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 12 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The net proceeds of the issue of the Notes (other than the Retained Notes), expected to amount to £99,850,000, will be used by the Issuer for the purposes of making a Loan to the Borrower pursuant to the terms of the Loan Agreement. See "*The Loan Agreement*" below.

THE LOAN AGREEMENT

The Loan Agreement will be entered into on or about the Issue Date between the Issuer and the Borrower on substantially the following terms:

§ 1

LOAN, DISBURSEMENT

(1) *Loan.* european primary placement facility (eppf) S.A. acting for its Compartment London Borough of Sutton (the "**Lender**") grants London Borough of Sutton (the "**Borrower**") a loan (the "**Loan**") in Pounds Sterling ("**GBP**") (the "**Specified Currency**") in the principal amount of GBP 100,000,000 (in words: GBP One Hundred Million) (the "**Principal Amount**").

(2) *Disbursement.* On 9 November 2020 (the "**Disbursement Date**") an amount equal to the Principal Amount multiplied by 100 per cent shall be credited to the Borrower's account.

(3) *Retained Notes:* £150,000,000 in aggregate principal amount of Notes (as defined below) (the "**Retained Notes**") were purchased by the Lender on or about the Disbursement Date and deposited in a custody account with The Bank of New York Mellon, SA/NV, Luxembourg Branch as custodian. The Borrower may require the Issuer to sell some or all of the Retained Notes to one or more third parties on behalf of the Borrower, provided that the Borrower enters into a supplemental loan agreement on substantially similar terms to this Loan Agreement, or agrees to amend this Loan Agreement, so that the Outstanding Principal Amount of the Loan is at least equal to the aggregate outstanding principal amount of the Notes, including the Retained Notes to be so sold or transferred. The Borrower shall give the Lender at least 5 Business Days' (as defined in § 4(4)) prior written notice of any such sale or transfer of Retained Notes. The proceeds of any such sale or transfer of Retained Notes shall be credited to the account of the Borrower specified in § 1 (2) above on the date of such transfer or sale.

§ 2

STATUS

The obligations of the Borrower under the Loan constitute direct, unconditional and unsubordinated obligations of the Borrower and shall at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Borrower, unless such obligations are accorded priority under mandatory provisions of law.

§ 3

INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Loan shall bear interest on its Outstanding Principal Amount at the rate of 1.732 per cent. per annum from and including the Disbursement Date to but excluding the Maturity Date (as defined in § 5(1)).

Interest shall be payable in arrear on 9 May and 9 November in each year (each such date, an "**Interest Payment Date**"). The first payment of interest shall be made on 9 May 2021. The number of Interest Payment Dates per calendar year is two.

"**Outstanding Principal Amount**" means the principal amount of the Loan, as reduced from time to time pursuant to § 5 (1) (*Repayment in Instalments*).

(2) *Business Day Convention.* If the Interest Payment Date is not a Business Day (as defined in § 4(4)) then the Lender shall not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day.

(3) The Loan will cease to bear interest from the due date for repayment unless payment of principal is improperly withheld or refused. In such event, the Loan shall continue to bear interest at the rate of interest specified in §3 (1) (both before and after judgment) until the day on which all sums due in respect of the Loan is received by or on behalf of the Lender.

(4) *Day Count Fraction*. The period beginning on and including the Disbursement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**". Where interest is to be calculated in respect of a period which is not equal to an Interest Period, interest in respect of the Outstanding Principal Amount for any period shall be equal to the product of 1.732 per cent, the Outstanding Principal Amount and the Day Count Fraction for the relevant period, rounding the resulting figure to the nearest penny (half a penny being rounded upwards). "**Day Count Fraction**" means with regard to the calculation of the amount of interest for any period of time (the "**Calculation Period**"):

- (a) if the Calculation Period (from and including the first day of such period but excluding the last) is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from and including the first day of such period but excluding the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(1)) that would occur in one calendar year; or
- (b) if the Calculation Period (including the first but excluding the last day of this period) is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (i) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(1)) that would occur in one calendar year; and
 - (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(1)) that would occur in one calendar year.

"**Determination Date**" means 9 May and 9 November in each year.

"**Determination Period**" means the period from (and including) a Determination Date to, (but excluding) the next Determination Date.

§ 4 PAYMENTS

(1) *Payments of Principal, Premium and Interest*. Payments of principal, premium and interest in respect of the Loan shall be made, subject to applicable fiscal and other laws and regulations, on the respective due date to the Lender. This obligation comprises the timely transfer of monies which shall be made under any and all circumstances and irrespective of any present or future payment or clearing agreement and without requiring any other formalities.

(2) *Manner of Payment*. All payments shall be made by transfer to an account in Sterling maintained by the Lender, notified to the Borrower in accordance with § 12 not later than 30 days prior to the relevant payment date.

Payment subject to fiscal laws and in Specified Currency. All payments under the Loan will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives but without prejudice to the provisions of § 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. Subject to the foregoing, all payments of amounts due in respect of the Loan shall be made in Sterling.

(3) *Discharge*. The Borrower shall be discharged from its payment obligations if the relevant payments have been received in the account of the Lender.

(4) *Business Day*. If the date for payment of any amount in respect of the Loan is not a Business Day then the Lender shall subject to § 3(2) not be entitled to payment until the next Business Day and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in London settle payments.

§ 5 REPAYMENT

(1) *Repayment in Instalments.*

Unless previously repaid in or purchased and cancelled, the Loan shall be repaid in 21 equal instalments, each rounded to the nearest penny (half a penny being rounded upwards), (each a "**Repayment Instalment**") on each Interest Payment Date from, and including, 9 November 2045 to, and including, the Maturity Date (each an "**Instalment Repayment Date**").

"**Maturity Date**" means 9 November 2055, being the final Instalment Repayment Date.

(2) *Early Repayment for Reasons of Taxation.*

- (a) If as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after 2 November 2020, the Borrower is required to pay Additional Amounts (as defined in § 7) on the next Interest Payment Date (as defined in § 3 (1) herein), or at maturity, and this obligation cannot be avoided by the use of reasonable measures available to the Borrower, the Loan may be repaid, in whole but not in part, at the option of the Borrower, upon not more than 60 days' nor less than 30 days' prior notice of repayment given to the Lender and, in accordance with § 12, at its Outstanding Principal Amount including any interest accrued until the date of repayment.
- (b) If as a result of any change in, or amendment to, the laws or regulations of the Grand Duchy of Luxembourg or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after 2 November 2020, the Issuer is required to pay Additional Amounts (as defined in the terms and conditions of the Notes) on the next Interest Payment Date (as defined in the terms and conditions of the Notes), or at maturity, the Loan may be repaid, in whole but not in part, at the option of the Borrower, upon not more than 60 days' nor less than 30 days' prior notice of repayment given to the Lender and, in accordance with § 12, at its Outstanding Principal Amount including any interest accrued until the date of repayment.

Any such notice shall be given in accordance with § 12. It shall be irrevocable, must specify the date fixed for repayment and must set forth a statement in summary form of the facts constituting the basis for the right of the Borrower so to repay.

(3) *Early Repayment at the Option of the Borrower*

The Borrower may elect to repay this Loan Agreement on giving not less than 30 nor more than 60 days' notice to the Lender in accordance with § 12 (which notice shall be irrevocable and shall specify the date fixed for repayment of the Loan Agreement (the "**Optional Redemption Date**")), at a price equal to (a) if the Optional Redemption Date is on or after 9 August 2055, the Outstanding Principal Amount, in which case the Loan shall be repayable in whole only; or (b) otherwise, the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date, in which case the Loan Agreement may be repaid in whole or in part in a minimum of £100,000 in original principal amount and integral multiples of £1,000 in excess thereof:

- (a) the Outstanding Principal Amount; and
- (b) the Outstanding Principal Amount multiplied by the price (as reported in writing to the Lender by an independent financial adviser (the "**Financial Adviser**") appointed by the Lender at the Borrower's expense, following consultation with the Borrower) expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding until their stated maturity) on the Redemption Determination Date is equal to the sum of (x) the Gross Redemption Yield at 11.00 a.m. (London time) on the Redemption Determination Date of the 0.625 per cent. United Kingdom Government Treasury Stock due October 2050 (or, where the Financial Adviser advises the Lender that, for reasons of illiquidity or otherwise, such Note is not appropriate for such purpose, such other United Kingdom government

security as such Financial Adviser may recommend following any guidance published by the International Capital Market Association at the relevant time (if any)) plus (y) a margin of 0.15 per cent.

Any notice of repayment given under this § 5 (3) will override any notice of repayment given (whether previously, on the same date or subsequently) under § 5 (2).

In these Terms and Conditions:

"**Notes**" means the £250,000,000 1.732 per cent. Notes due 9 November 2055 issued by the Lender on or about the Disbursement Date for the purposes of financing the Loan and any further notes forming a single series therewith;

"**Redemption Determination Date**" means the date which is the business day in London prior to the Optional Redemption Date; and

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

In the event of a partial repayment of this Loan Agreement, references in this Loan Agreement to Outstanding Principal Amount shall be construed accordingly.

(4) *Purchase and Cancellation of Notes*

The Borrower may at any time purchase Notes in the open market or otherwise at any price, provided that, following any such purchase, the Borrower shall surrender the Notes to the Lender for cancellation. An amount equal to the outstanding principal amount of the Notes being surrendered shall be deemed to be prepaid under this Loan Agreement, and references in this Loan Agreement to Outstanding Principal Amount shall be construed accordingly.

§ 6 COUNTERCLAIMS

The Borrower shall not be entitled to exercise any right of set-off, counterclaim or combination of accounts in respect of any amounts due by it to the Lender under this Loan Agreement.

§ 7 TAXATION

(1) All amounts payable in respect of the Loan shall be made without withholding or deduction (a "**Tax Deduction**") for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or in or for the account of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax ("**U.K. Taxes**") unless such withholding or deduction is required by law. In such event, or in the event that the Lender is otherwise required to pay additional amounts to Holders following a withholding or deduction by or in or for the account of Luxembourg or any political subdivision or any authority thereof or therein having power to tax ("**Lux Taxes**") pursuant to Condition 7 (*Taxation*) of the Notes, the Borrower will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Lender and by the Holders of the Notes, after any such withholding or deduction for or on account of U.K. Taxes and/or Lux Taxes shall equal the respective amounts which would otherwise have been receivable by the Lender and by the Holders of the Notes in the absence of such withholding or deduction; except that:

- (a) no such Additional Amounts shall be payable for or on account of any U.K. Taxes if on the date on which the payment falls due:
 - (i) the payment could have been made to the Lender without a Tax Deduction for or on account of any U.K. Taxes if the Lender had been a Treaty Lender, but on that date the Lender is not or has ceased to be a Treaty Lender other than as a result of any change after the date of this Agreement

- in (or in the interpretation, administration, or application of) any law or Treaty, or any published practice or published concession of any relevant taxing authority; or
- (ii) the Borrower is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had the Lender complied with its obligations under paragraph (4) below; and
- (b) no such Additional Amounts shall be payable by the Borrower to the Lender in respect of any additional amounts that the Lender is required to pay to Holders of the Notes in respect of Lux Taxes pursuant to Condition 7 (*Taxation*) of the Notes ("**Lux Gross-up Amounts**") if no such Lux Gross-up Amounts would have been payable by the Lender had the terms and conditions of the Notes not been amended pursuant to any action taken under Condition 13 (*Amendments to the Terms and Conditions by Resolution of the Holders*) of the Notes without the express consent of the Borrower.
- (2) If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (3) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Lender a statement under Section 975 of the Income Tax Act 2007 or other evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (4) the Lender and the Borrower shall co-operate in completing any procedural formalities necessary for the Borrower to obtain authorisation to make payments to the Lender under this Loan Agreement without a Tax Deduction.
- (5) The Lender represents that it is a Treaty Lender.

"**Treaty Lender**" means the Lender:

- (a) is treated as a resident of a Treaty State for the purposes of the Treaty; and
- (b) does not carry on a business in the United Kingdom through a permanent establishment with which the Lender's funding of the Loan is effectively connected.

"**Treaty State**" means a jurisdiction having a double taxation agreement (a "**Treaty**") with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

Notwithstanding any other provisions in this Loan Agreement, the Borrower shall be permitted to withhold or deduct any amounts required to be withheld or deducted pursuant to FATCA ("**FATCA withholding**") as a result of the Lender, a beneficial owner or an intermediary that are not agents of the Borrower not being entitled to receive payments free of FATCA withholding. The Borrower will have no obligation to pay additional amounts or otherwise indemnify the Lender for any such FATCA withholding deducted or withheld by the Borrower or any other party.

"**FATCA**" means Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

§ 8

PRESCRIPTION PERIOD

Claims in respect of principal, premium, interest or any other amounts payable in respect of the Loan will become void unless presented for payment within a period of 10 years (in the case of principal or premium) or five years (in the case of interest or any other amounts) from the appropriate Relevant Date.

For the purposes of the foregoing, "**Relevant Date**" means whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received by the Lender on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Lender.

§ 9

EVENTS OF DEFAULT

(1) *Events of default.* The Lender shall be entitled to declare due and payable by notice to the Borrower its entire claims arising from the Loan and demand the immediate repayment thereof at the Outstanding

Principal Amount together with accrued interest (if any) to the date of repayment, in the event that any of the following events has occurred and is continuing:

- (a) the Borrower fails to pay principal or interest under the Loan within 7 days from the relevant due date; or
- (b) the Borrower fails duly to perform any other obligation under the Loan and such failure continues for more than 30 days after request by the Lender to remedy such failure in accordance with § 12; or
- (c) A) any other present or future indebtedness of the Borrower for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Borrower fails to pay when due or, as the case may be, within any originally applicable grace period, or any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £10,000,000 or its equivalent in other currencies;
- (d) the Borrower ceases payments of its debts as they fall due or announces its inability to pay its debts as they fall due; or
- (e) the Borrower enters into any composition with its creditors generally (or any class of its creditors); or
- (f) the Borrower is dissolved or otherwise ceases to exist (other than as a result of the enactment of legislation creating a statutory successor to the Borrower which becomes responsible for all of the Borrower's obligations under this Loan Agreement and substantially all of its other rights and obligations);
- (g) it is or will become unlawful for the Borrower to perform or comply with any of its obligations under or in respect of the Loan.

The right to declare Loan due shall terminate if the situation giving rise to it has been cured before the right is exercised.

§ 10 SUBSTITUTION, ASSIGNMENT, TRANSFER

Subject as provided below, the Borrower shall not be entitled to appoint a substitute debtor or assign or transfer any of its obligations pursuant to this Loan Agreement without the prior written consent of the Lender. If the Borrower would be required to pay additional amounts to the Lenders pursuant to § 7 (*Taxation*) it may require the Lender, by no more than 30 days' notice in writing, to: (i) cancel the Loan Agreement in exchange for the Borrower assuming all of the Issuer's obligations in respect of the Notes, or (ii) novate the Loan Agreement to a special purpose vehicle or other entity (the "**New Lender**") and substitute the New Lender as Issuer of the Notes, in either case in accordance with § 10 (*Substitution*) of the Notes.

§ 11 FURTHER LOANS

The Borrower may from time to time, solely with the consent of the Lender, borrow further disbursements having the same terms and conditions as the Loan in all respects (or in all respects except for the Disbursement Date and the date of the initial payment of interest) so as to form a single loan with the Loan.

§ 12 NOTICES

(1) *Notices.* Subject to any written notification of change of address all communications shall be made in the English language as follows: Any communication to be made between any parties may be made by electronic mail. Any electronic communication made between parties will be effective only when actually received in readable form. Any electronic communication which becomes effective, in accordance with

the previous sentence, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

- (a) Communications to the Borrower:

London Borough of Sutton

Civic Offices

St Nicholas Way

Sutton

SM1 1EA

Email: Richard.simpson@sutton.gov.uk

Attention: Richard Simpson

- (b) Communications to the Lender:

**europaean primary placement facility (eppf) S.A.
acting on behalf of its Compartment London Borough of Sutton**

6, rue Dicks

1417 Luxembourg

Email: ops@eppf.eu

Att.: Operations @ eppf

§ 13

AMENDMENTS TO THE TERMS AND CONDITIONS

Any amendments and supplement to this Loan, including this § 13, must be made in writing and signed and agreed by an authorised representative of the Borrower and the Lender. The Lender shall not agree to amend this Loan Agreement without the prior approval of the holders of the Notes, save that no such approval shall be required in respect of an amendment or supplement in accordance with § 1(3) or § 11 or to correct a manifest error or if such modification is of a formal, minor or technical nature.

§ 14

GOVERNING LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Governing Law.* This Loan Agreement and any non-contractual obligations arising out of or in connection with this Loan Agreement shall be governed by and construed in accordance with English law.

(2) *Jurisdiction.* The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Loan and accordingly any legal action or proceedings arising out of or in connection with the Loan ("**Proceedings**") may be brought in such courts. The Borrower irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This § 14 (2) is for the benefit of the Lender and shall not limit the right of any of it to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

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

(4) *Partial Invalidity.* Should any of the provisions of these terms and conditions of the Loan be or become invalid, in whole or in part, the other provisions of these terms and conditions of the Loan shall remain in force.

§ 15

IMMUNITY

Immunity. To the extent that in any jurisdiction the Borrower may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Borrower hereby irrevocably agrees not to claim, and it hereby waives irrevocably such immunity for this Loan and any payment obligations derived from the Loan or other documents entered into by means of executing the transactions foreseen herein.

§ 16
COUNTERPARTS

This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

DESCRIPTION OF THE ISSUER

General

The Issuer is European primary placement facility (eppf) S.A. ("**eppf**") acting for its compartment London Borough of Sutton. eppf is a company authorised and supervised by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), subject to the Luxembourg Securitization Law, incorporated for an unlimited duration as a *société anonyme* (public limited liability company) on 31 August 2015 by European Trust Company Limited, Douglas, Isle of Man, on trust, under the laws of the Grand Duchy of Luxembourg for the purpose of issuing securities and other financial instruments. eppf is a special purpose entity for the purpose of issuing securities. eppf's commercial name is "eppf". A copy of the incorporation deed containing the Articles was published on 30 October 2015 in the *Mémorial C, Recueil des sociétés et associations* n° 2984 on page 143196 and eppf is registered with the Luxembourg Register of Commerce and Companies (*Régistre de commerce et des sociétés, Luxembourg*) under number B199932.

The registered office of eppf is at 6, rue Dicks L-1417 Luxembourg, Grand Duchy of Luxembourg, and its telephone number is +352 2786 8000 and its website can be found under www.eppf.eu.

eppf's Legal Entity Identifier is: 222100VB5UWSUVNSV886. eppf has registered with the IRS as a "reporting Model 1 IGA FFI" with registration number 9GNSDJ.99999.SL.442.

Principal activities

The corporate object of eppf is the entering into and the performance of any transactions permitted under the Luxembourg Securitisation Law, including, *inter alia*, the acquisition and assumption, by any means, directly or through another vehicle, of risks linked to claims, goods, commodities, structured products other assets (including securities of any kind), moveable or immovable, tangible or intangible, receivables or liabilities of third parties (including Luxembourg or foreign companies) or pertaining to all or part of the activities carried out by third parties and the issuing of securities the value or return of which is dependent upon such risks as defined in the Luxembourg Securitisation Law.

eppf may undertake its activities either directly or through any other entity, structure (including, without limitation, funds) or otherwise, to the extent permitted by the Luxembourg Securitisation Law.

eppf may carry out any transactions which are directly or indirectly connected with its corporate object at the exclusion of any banking activity and engage in any lawful act or activity and exercise any powers permitted for securitisation vehicles under the Luxembourg Securitisation Law, to which eppf is subject, that, in either case, are incidental to and necessary or convenient for the accomplishment of the above mentioned purposes; provided that the same are not contrary to the foregoing purposes.

Indebtedness

As at the date of this Offering Circular, the Issuer has no material indebtedness, contingent liabilities and/or guarantees other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated in this Offering Circular and its general business purposes.

Major shareholders

The share capital of eppf is held by European Trust Company Limited, Douglas, Isle of Man, on trust for the Private Placements Trust (50.1%) and by Bond Factory Holdings Limited, Dublin, Ireland (49.9%).

Approved Statutory Auditor (Réviseur d'Entreprises agréé) and financial year

eppf's approved statutory auditor (*réviseur d'entreprises agréé*) is PricewaterhouseCoopers Luxembourg, Société cooperative, with registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg, a member of the *Institut des Réviseurs d'Entreprises* and registered with the Luxembourg Register of Commerce and Companies, who has been appointed in accordance with Article 48 of the Luxembourg Securitisation Law.

Business

eppf's activities are principally the issue of securities and other financial instruments, entering into back-to-back transactions, entering into all documents and agreements relating thereto, the exercise of related rights and powers and other activities reasonably incidental thereto, within the limits of the Luxembourg Securitisation Law.

Taxation

eppf is subject to the tax laws of Luxembourg on income and does not have any special tax status. It is, therefore, in principle entitled to the benefits of tax treaties concluded between the Grand Duchy of Luxembourg and other countries (subject to the acceptance of such contracting states).

Directors

The executive directors ("**Executive Directors**" or "**A Directors**") of eppf as at the date of this Information Memorandum are as follows:

Name	Occupation	Business Address
Robert Koller, Chairman of the Board	Lawyer	Correspondence address: 6, rue Dicks, L-1417 Luxembourg
David Alan Laderman	Lawyer, Director	2nd Floor Quay House South Quay, IM1 5AR Douglas, Isle of Man

Description of the Directors

Robert Koller

Robert Koller is a lawyer by training, specialised in debt capital markets and securitisation, lending, hedge funds and Chinese capital markets as well as social finance. Previously he was a partner at Simmons & Simmons and worked at Clifford Chance in Frankfurt. Before that he worked in the financial services department of a top tier Spanish law firm and in the funds department of the largest Gibraltar law firm.

Educated in Austria, Mr. Koller graduated an Austrian and a Spanish law degree. He is qualified as a Spanish and German lawyer and is a member of the Bar Associations of Madrid and Frankfurt/Main. He is also admitted to practice law as a Solicitor in England and Wales. Mr. Koller has also made himself a known name in European law by winning a landmark case before the European Court of Justice (C-118/09 – Koller) as well as before the Austrian Constitutional Court, in both cases representing himself in all instances. He holds the Chartered Alternative Investment Analyst certification (CAIA) and is fluent in German, Spanish, English and conversant in French.

David Alan Laderman

Mr. Laderman, is a qualified lawyer in England and Gibraltar, is a Director of The Law Trust Limited and sits on the board of a number of client companies. He has extensive experience in international financial transactions, having practiced as a corporate finance lawyer with a major international law firm before forming his own legal practice. David moved to Gibraltar in 2006, where he advised on the establishment of offshore corporate and fund structures, moving to the Isle of Man in 2011 and forming Dolmen Fiduciary Services. In 2011 David moved to the Isle of Man and formed a corporate services business which merged with The Law Trust Limited in 2013.

The non-executive directors ("**Non-Executive Directors**" or "**B-Directors**") of eppf as at the date of this Information Memorandum are as follows:

Name	Occupation	Business Address
Frank Hermann Scheidig	Banker	Platz der Republik 60325 Frankfurt am Main Germany

Frank Hermann Scheidig

Frank Scheidig started at Deutsche Bank Frankfurt in 1988 in Dealing and Backoffice before he joined UT-America and Hutzler Brokerage as Junior Financial Consultant. From 1989 until 1993 he built up his experiences at Suedwest-LB and Bayerische Vereinsbank in Frankfurt as Trader and Market Maker for German Government Bonds and as Senior Sales Fixed Income which he continued at Bayerische Landesbank further two years. Frank Scheidig consequently followed up his career with working in several senior sales positions in Global Market Divisions at Dresdner Bank from 1993 until 2000 before he became Managing Director and Global Head Central Bank Sales at Deutsche Bank AG in Frankfurt. After being a Member of the Board of Managing Directors at Deutsche Asset Management Intl. he started at DZ BANK AG in 2004 as Head of Fixed Income International Sales before he was announced as Global Head of Capital Markets International Clients, heading Fixed Income International Sales and Debt Capital Markets. In 2013 he became Global Head of Senior Executive Banking.

Furthermore he is Vice-Chairman of the Advisory Board at OMFIF Official Monetary and Financial Institutions Forum.

The Executive Directors and Non-Executive Directors together are referred to as the "**Board**".

Administrative and Domiciliation Agent

The board of directors of eppf has appointed Trustmore Luxembourg S.A. as Administrative Agent.

The Administrative Agent, in its capacity as administrative agent of eppf will be responsible for providing all required corporate secretarial, cash management and accounting services to eppf. The Administrative Agent is entitled to the fees determined in accordance with the Administration Agreement.

Other parties

The Bank of New York Mellon SA/NV, Luxembourg Branch has been appointed as custodian (the "**Custodian**") for the safekeeping of the relevant assets, if any, of eppf. The Bank of New York Mellon SA/NV, Luxembourg Branch in its capacity as account bank (the "**Account Bank**") will also hold any cash of the Issuer. The account of Compartment A, which is the operative Compartment, has been opened with BIL Banque Internationale à Luxembourg, société anonyme, with registered office at 69, route d'Esch, L-2953 Luxembourg, registered in the registre de commerce de Luxembourg under number B-6307.

Employees

eppf has no employees.

Financial Statements

The financial year of eppf starts on 1 November and ends on 31 October each year.

The following table sets out in summary form the balance sheet and key financial information of eppf, which has been extracted from the audited financial statements of eppf as of 31 October 2018 and as of the year end of 31 October 2019 and the unaudited half-year accounts as of 30 April 2018 and 30 April 2019.

	Audited Annual Accounts		Unaudited half-year accounts	
	31 October 2018	31 October 2019	30 April 2019	30 April 2020
Total Assets:	EUR 89,613	EUR 10,256,374	EUR 80,540	EUR 10,281,137
Total Liabilities:	EUR 89,613	EUR 10,256,374	EUR 80,540	EUR 10,281,137
Total Charges:	EUR 185,081	EUR 173,941	EUR 38,830	EUR 404,638
Total Income:	EUR 185,081	EUR 173,941	EUR 38,830	EUR 404,638

The compartment for the London Borough of Sutton was created specifically for the purposes of the issuance of the Notes on 28 October 2020 and therefore the Issuer has not produced any financial statements prior to the date of this Offering Circular.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which eppf is aware) which may have, or have had since its incorporation a significant effect on the financial position or profitability of eppf.

Dividends

eppf has not paid any dividends since its incorporation on 31 August 2015.

CSSF supervision

eppf is authorised and supervised by the CSSF. This supervision will continue until eppf is liquidated or if it is withdrawn from the list of supervised entities.

DESCRIPTION OF THE BORROWER

Save where expressly otherwise provided in this Offering Circular, documents and the contents of websites referred to in this 'Description of the Borrower' section are not incorporated by reference into, and do not form part of, this Prospectus.

General information

London Borough of Sutton was formed in 1965 following the London Government Act 1963 and replaced three local authorities: Beddington and Wallington Borough Council, Sutton and Cheam Borough Council and Carshalton Urban District Council.

It is a requirement of the Local Government Act 1972 that the Borrower adopt a constitution which is to be approved annually by its councillors. The Borrower adopted its current constitution in May 2002, which sets out the framework within which both councillors and employees must act.¹

The Borrower serves a population of 211,297 (as estimated for 2020) and covers an area of 17 square miles. The population is projected to grow to 222,186 by 2030 based on the projections from the Greater London Authority (GLA).²

As a London Borough the Borrower is responsible for a wide range of services to the community including: education, social care, planning, waste disposal, recycling and collection, libraries, leisure and creation, strategic planning, roads, highways and transportation, housing, environmental health, parks, and open spaces.

The Borrower produced a strategy document for the period 2018-2023 setting out its aims for that period, and identifying its priorities under 4 key themes.³

As at 31 March 2020, the Borrower had 1,098 employees and its annual net revenue expenditure budget for the year 2020/2021 was £148 million (m).

Administration

As at the date of this Offering Circular the Borrower has 54 councillors each serving four year terms (each a Councillor). The Local Government Boundary Commission for England ("LGBCE"), an independent body accountable to Parliament, has recently conducted an Electoral Review of the Borrower (which was completed in 2000), publishing its final recommendations in June 2020.⁴ These propose that the Borrower should have one additional councillor and two additional wards, while the boundaries of all of the existing 18 wards should change. The LGBCE recommendations state that post implementation the 20 wards across the borough should be represented by 15 three-councillor wards and five two-councillor wards. Subject to parliamentary approval the implementation of the new arrangements will commence at the 2022 local elections.

The Councillors have ultimate responsibility for the affairs of the Borrower and are democratically accountable to the residents of the borough of Sutton.

As at the date of this Offering Circular the political make-up of the Borrower is:

- 33 Liberal Democrat Councillors;
- 18 Conservative Councillors; and
- 3 Sutton Independent Residents.

The Borrower has a traditional committee structure which comprises of core and regulatory committees. The Borrower holds regular council meetings each year ("**Council Meetings**"). At Council Meetings,

¹ https://www.sutton.gov.uk/info/200474/your_council_voting_and_elections/1176/council_constitution

² <https://data.sutton.gov.uk/population/>

³ https://www.sutton.gov.uk/info/200564/opportunity_sutton/1784/ambitious_for_sutton

⁴ <https://s3-eu-west-2.amazonaws.com/lgbce/Reviews/Greater%20London/Sutton/Final%20Recs/Sutton%20Final%20Recommendations%20Report.pdf>

Councillors decide the overall policies of the Borrower and set the annual budget. The Borrower arranges for its functions to be carried out through its committee system and by delegated responsibilities to its senior employees. All committees, panels, working parties and forums are subordinate to the Full Council and dependent on it for the delegation of powers and duties.

Four committees are responsible for the Borrower's principal functions. These are:

- Strategy and Resources Committee
- Environment and Neighbourhood Committee
- Housing, Economy and Business Committee
- People Committee

They meet at approximately 6-8 weekly intervals in public (except where personal, exempt or confidential matters are being discussed) to take operational, policy and strategic decisions not reserved to Full Council or delegated to other committees or senior employees.

Scrutiny arrangements are carried out via a Scrutiny Committee and an Audit & Governance Committee which was established to carry out the audit committee function based on Chartered Institute of Public Finance and Accountancy ("**CIPFA**") Guidance.

Details of the Councillors, Full Council, the scrutiny and various policy committees of the Borrower can be found on the Borrower's website.⁵

Budget and financial administration

Under the Borrower's constitution it has financial procedure rules which incorporate the CIPFA Code of Practice on Treasury Management and requires the Borrower to produce a Treasury Management Policy and have it approved by Full Council. The latest Treasury Management Policy was approved on 2 March 2020.

The Borrower has the power to delegate its powers and authorities to committees and officers. The power to borrow is delegated to the Strategic Director of Resources provided that the amounts borrowed are within the Authorised Limit set out in the Borrower's Treasury Management Strategy. The Authorised Limit is set each year by the Councillors when they approve The Borrower's Treasury Management Strategy as part of The Borrower's formal budget setting process, and provides a direct link to the Local Government Act 2003.

Copies of the Borrower's Statement of Accounts, audit management letters, Budget and Medium Term Financial Plan are available from the Borrower's website.⁶⁷

The Borrower's 2020/21 gross budget requirement is £289m. Taking account of grant funding including the Dedicated Schools Grant, the net budget requirement is £148m. This is funded by:

- Council Tax: £105m
- Revenue Support Grant: £7m
- Business Rates: £17m
- Business Rates Top Up Grant: £19m

The Borrower's Capital Strategy details the capital programme totalling £219m for the period 2020/21 to 2023/24. The programme is funded by a mixture of capital receipts from the sale of surplus sites, grant

⁵ <https://moderngov.sutton.gov.uk/ieDocHome.aspx?bcr=1>

⁶ https://www.sutton.gov.uk/downloads/download/559/annual_account

⁷ https://www.sutton.gov.uk/info/200474/your_council_voting_and_elections/2063/our_budget_202021/2

funding and prudential borrowing. The assumed level of prudential borrowing to finance the capital programme is £98m.⁸

Statutory regime

As the Borrower was created by statute it can only undertake those activities and functions specifically delegated to it by statute. In order to ensure that this restriction did not hamper local authorities in the execution of their duties, the Government introduced a general power of competence (GPOC) in the Localism Act 2011. GPOC is a wide ranging power of the first resort enabling a local authority to do "anything that individuals generally may do".

Statutory Regime for Financing Capital Expenditure

The Borrower is subject to the Local Government Act 2003 ("**LGA03**") and the local government capital finance regime introduced by the LGA03 (the "**Prudential Borrowing Regime**"). Under the Prudential Borrowing Regime, the Borrower determines how much money it can afford to borrow for any purpose relevant to its statutory functions or for the prudent management of its financial affairs.

Section 6 of the LGA03 provides that "A person lending money to a local authority shall not be bound to enquire whether the authority has power to borrow the money and shall not be prejudiced by the absence of any such power."

Section 13 of the LGA03 entitled "Security for money borrower etc" provides, at sub-section 13(3) that: "All money borrowed by a local authority (whether before or after the coming into force of this section), together with any interest on the money borrowed, shall be charged indifferently on all the revenues of the authority".

Prudential code

The LGA03 requires local authorities to have regard to guidance issued directly by the Secretary of State or as specified within regulations such as the Local Authorities (Capital Finance and Accounting) (England) Regulations. The Capital Finance and Accounting Regulations require the Borrower to have regard to the Prudential Code for Capital Finance in Local Authorities published by the CIPFA (the "**Prudential Code**"). The aim of the Prudential Code is to provide a framework for local authority capital finance, to ensure that capital expenditure plans are affordable, external borrowing and other long term liabilities are within prudent and sustainable levels and that treasury management decisions are taken in accordance with good practice. Whilst it is possible for Government to overrule a local authority's decision on its prudential borrowing limit, the Borrower is unaware of it ever having done so.

The Borrower's borrowing limit

The Borrower's 2020/2021 treasury management strategy sets the Borrower's authorised borrowing limit in accordance with the Prudential Code. The Borrower has decided that for its financial year 2020/2021 its prudential borrowing limit is £546m. The proposed issue of the £250m where £100m will be initially drawn on day one and the remaining balance of £150m is retained for future issue will not cause that limit to be breached.

Recent Developments

The Borrower has seen a material reduction in income and increase in costs as a result of the Covid 19 pandemic. Government has provided a number of grants to mitigate the impact on councils and for Sutton this brings the remaining financial risk down to a level that is manageable within existing budget control mechanisms for 2020/21. The forecast recession following the pandemic presents a longer term risk to both funding and expenditure but this will be managed through the Borrower's Medium Term Financial Strategy and is considered to be at a level similar to past budget pressures mitigated through council savings plans.

⁸ <https://moderngov.sutton.gov.uk/ieListDocuments.aspx?CId=146&MID=5269#AI42470>

TAXATION

The tax laws of the investor's jurisdiction and of the Issuer's and Borrower's jurisdiction might have an impact on the income received from the Notes. The following is a general description of certain Luxembourg tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. In particular, the following section does not analyse any tax consequence under the ATAD 1 and ATAD 2. Prospective purchasers of Notes should consult their own tax advisers as to the consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the tax law as in effect on the date of this Offering Circular and is subject to any change in tax law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Luxembourg taxation

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding tax considerations

Holders not resident in Luxembourg

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Holders, nor on accrued but unpaid interest in respect of the Note, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Holders.

Holders resident in Luxembourg

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 introducing final withholding tax on certain interest deriving from savings income, as amended (the "**RELIBI**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Holders, nor on accrued but unpaid interest in respect of the Note, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by Luxembourg resident Holders.

Under the RELIBI, payments of interest or similar income under the Notes by a paying agent (as defined below) established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax at the rate of 20%, which is the responsibility of a Luxembourg paying agent to apply. Luxembourg resident individual Holders of Notes acting in the course of their private wealth can opt to self-declare and pay a self-assessed 20% tax levy on receipt of interest payments made by non-Luxembourg paying agents located in an EU Member State other than Luxembourg, or a State of the European Economic Area. If such an option is exercised by an individual Holder for a fiscal year, that option is irrevocable for that individual Holder for that fiscal year, and makes that individual responsible for applying and paying the 20% tax levy in respect of interest received from the Notes. For these purposes, the "paying agent" under the RELIBI is the economic operator which pays interest or allocates the payment of the interest to the immediate benefit of the beneficial owner – i.e. the last person in the payment chain before the Luxembourg resident individual.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has ceased to participate.

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

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

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

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer should be a foreign financial institution for these purposes. A number of jurisdictions including Luxembourg have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. The Issuer has registered with the IRS as a "reporting Model 1 IGA FFI" with registration number 9GNSDJ.99999.SL.442. As such, the Issuer will be required to comply with FATCA under national legislation in Luxembourg implementing such IGA with the US. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Prohibition of Sales to EEA or UK Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area or the United Kingdom. For the purposes of this provision:

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

United Kingdom

The Lead Manager has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

The Lead Manager has pursuant to a Subscription Agreement dated 5 November 2020 between the Issuer, the Borrower and the Lead Manager represented, warranted and agreed that to the best of its knowledge and belief it has complied and will comply in all material respects with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Notes. Persons into whose

hands this Offering Circular comes are required by the Issuer, the Borrower and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation of the compartment and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 28 October 2020. The entry into the Loan Agreement by the Borrower will be authorised by the designated or deputy Section 151 Officer under the Local Government Act 1972 for the London Borough of Sutton.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which either the Issuer or the Borrower are aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer or the Borrower respectively.

Significant/Material Change

3. Since 31 October 2019 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial position or financial performance of the Issuer.
4. Save as disclosed in "*Description of the Borrower – Recent Developments*", since 31 March 2020 there has been no material adverse change in the prospects of the Borrower nor any significant change in the financial position or financial performance of the Borrower.

Auditors

5. The financial statements of the Borrower have been audited without qualification for the years ended 31 March 2018 and 31 March 2019 by Grant Thornton UK LLP, independent accountants.

Documents on Display

6. Copies of the following documents may be inspected free of charge during normal business hours from the registered office of the Issuer, its website (<http://sutton.eppf.eu>) and from the specified office of the Fiscal Agent (or via electronic means at the Fiscal Agent's discretion) from the date of this Offering Circular:
 - (a) the constitutive documents of the Issuer;
 - (b) the Agency Agreement, the Deed of Covenant and the Loan Agreement;
 - (c) the audited financial statements of eppf for the years ended 31 October 2019 and 31 October 2018; and
 - (d) the unaudited financial statements of the Borrower for the year ended 31 March 2020 and the audited financial statements of the Borrower for the years ended 31 March 2019 and 31 March 2018.

For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

Legend Concerning U.S. Persons

7. The Notes and any Receipts, Coupons and Talons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

ISIN and Common Code

8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS2207648937 and the common code is 220764893.

The Legal Entity Identifier

9. The Legal Entity Identifier (LEI) code of eppf is 222100VB5UWSUVNSV886. The Legal Entity Identifier (LEI) code of the Issuer is 2221005YB3G51QGUJX26.

Conflicts of Interest

The Lead Manager has engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Borrower and their affiliates in the ordinary course of business. The Lead Manager or its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Borrower and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Borrower and their affiliates. Where the Lead Manager or its affiliates have a lending relationship with the Issuer or the Borrower they may also hedge their credit exposure to the Issuer, the Borrower and their affiliates consistent with their customary risk management policies. This may include entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Loan Agreement

The Loan Agreement will have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.

REGISTERED OFFICE OF THE ISSUER

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