SUPPLEMENT DATED 18TH JULY, 2022 TO THE PROGRAMME MEMORANDUM DATED 8TH FEBRUARY, 2022

BLEND FUNDING PLC

(Incorporated in England with limited liability under the Companies Act 2006 with registration number 11352234)

£3,000,000,000
Secured Euro Medium Term Note Programme

This supplemental programme memorandum (the **Supplement**) is supplemental to the programme memorandum dated 8th February, 2022 (the **Programme Memorandum**) prepared in connection with the £3,000,000,000 Secured Euro Medium Term Note Programme (the **Programme**) established by bLEND Funding Plc (the **Issuer**). Terms defined in the Programme Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Programme Memorandum and any other supplements to the Programme Memorandum issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect its import.

Purpose of the Supplement

The purpose of this Supplement is (a) to update the section titled "*Risk Factors*" in the Programme Memorandum, (b) to update the section titled "*Description of the Issuer*" in the Programme Memorandum and (c) to update the section titled "*Description of the Borrowers*" in the Programme Memorandum.

RISK FACTORS

On page 17 of the Programme Memorandum, the risk factor "*Rental Growth Risk* " shall be deleted and replaced with the following:

"**Credit Risk**

The ability of the Issuer to meet its obligations under the Notes will be dependent upon the payment of principal and interest due under the Loan Agreements by Borrowers (described under "*Description of the Borrowers*"), upon the Paying Agent making the relevant payments when received and upon all parties to the agreements relating to the Notes (other than the Issuer) performing their respective obligations thereunder. Accordingly, Noteholders are exposed, *inter alia*, to the creditworthiness of the Issuer, the Borrowers and the Paying Agent. In turn, the creditworthiness of these parties may be affected by the insolvency of any banks or other financial institutions at which any such party deposits cash, including during any interim period in which the proceeds of an issue of Notes or a sale of Retained Notes are held by the Issuer before being advanced to a Borrower (as set out in more detail in "*Use of Proceeds*" below)."

On page 20 of the Programme Memorandum, the third paragraph of the risk factor "*Credit Risk*" shall be deleted and replaced with the following:

"These arrangements relating to rental increases do not apply to Scotland. The Scottish Government does not stipulate a basis upon which rents charged for social housing in Scotland should be increased. There are, however, provisions in the Scottish Social Housing Charter (the **Charter**), a document issued by the Scottish

Ministers, which sets out the standards and outcomes which Scottish registered social landlords (**Scottish RSLs**) should aim to achieve when performing housing activities, in relation to rent setting. The powers of Scottish Ministers to prepare and publish the Charter are contained in the Housing (Scotland) Act 2010 (the **2010 Act**) and the Scottish Housing Regulator may take enforcement action against a Scottish RSL for failure to comply with the terms of the Charter. The current revised Charter is due to be replaced in 2022 following a consultation with stakeholders which was undertaken and completed in 2021, although the original timetable for implementation of the new Charter on 1 April 2022 is currently delayed."

On page 21 of the Programme Memorandum, the second paragraph of the risk factor "*Non-payment Risks*" shall be deleted and replaced with the following:

"The *Sector Risk Profile 2021* published by the Regulator of Social Housing in October, 2021, states that "[r]educed benefit incomes, continued benefit cap freeze, the potential for higher tenant unemployment as government support for the economy winds down, and well as increased energy costs may all increase financial pressure on tenants over the coming months." Increased financial pressure may also result from future increases in rents, with CPI projected to be over 9 per cent. in September when the CPI level is struck for the rent increases effective from April 2023."

On page 22 of the Programme Memorandum, the risk factor "*Increased capital expenditure requirements*" shall be deleted and replaced with the following:

"***Increased capital expenditure requirements***

Borrowers are currently facing additional capital expenditure requirements as a result of regulatory initiatives and other pressures.

In response to the Grenfell Tower tragedy on 14th June, 2017, an Independent Review of Building Regulations and Fire Safety (the **Review**) was commissioned, led by Dame Judith Hackitt. Following consultation, in April 2020, the UK Government confirmed that it intends to deliver on the recommendations of the Review by establishing a new, national Building Safety Regulator at the heart of a reformed building safety system and that it will legislate for these reforms in new primary legislation and further secondary legislation where necessary. The resulting Fire Safety Act 2021 and the Building Safety Act 2022 introduce wide-ranging changes, including the creation of a new Building Safety Regulator with a range of enforcement powers and a new regulatory regime. Compliance with this new legislation is likely to result in the need to undertake remedial action to a significant number of existing multi storey buildings.

The *Sector Risk Profile 2021* published by the Regulator of Social Housing in October, 2021, states that "[t]he review of the Decent Homes Standard announced in the [Social Housing] White Paper and more stringent energy efficiency requirements as part of the government's net zero-carbon commitments are likely to result in requirements for substantial investment in providers' existing stock. Providers' latest five-year forecasts show a 12% increase in major repairs and maintenance expenditure when compared with last year's forecasts as providers reprofile delayed expenditure and increase investment to respond to new standards... At the same time, providers are facing substantial ongoing supply chain disruption, materials inflation, and labour shortages which are likely to increase costs and delay works. Lack of transport capacity and import backlogs have increased delivery times and resulted in severe shortages of materials and components. Scarcity of labour, compounded by EU exit, is likely to put upward pressure on wage costs while skills shortages may mean that some providers are unable to source key staff, contractors, surveyors, or building safety professionals in order to undertake planned works programmes as envisaged."

The need for Borrowers to undertake investment to respond to changing building safety and energy efficiency standards, and labour market and supply chain disruption as the UK and global economies emerge from the COVID pandemic and as a result of the exit by the United Kingdom from the EU and the ongoing war in

Ukraine are issues which are likely to increase the expenses associated with building and maintaining residential properties which could, in turn, adversely impact the future development and/or the financial standing of a Borrower and, accordingly, may adversely affect its ability to meet its financial obligations under its Loan which, in turn, could adversely affect the Issuer's ability to make payments on the Notes."

On page 23 of the Programme Memorandum, the following information shall be inserted under a new risk factor subheading:

"***Risks related to increased inflation***

As developers, owners, landlords and managers of residential accommodation, the Borrowers are exposed to the cost of construction, maintenance and repair of buildings. As has been widely reported, costs in this area are currently increasing due to factors including changing building safety and energy efficiency standards, and labour market and supply chain disruption.

A sustained period in which cost inflation exceeded income inflation would put the Borrowers under financial strain and could have an adverse impact on the ability of the Borrowers to meet their payment obligations under the Loan Agreement to which they are a party on a timely basis.

In addition, the tenants of the Borrowers' properties are personally responsible for the rental payments on their tenancies and, consequently, the Borrowers are exposed to the risk of tenant arrears and bad debts if the current inflation being experienced in relation to the cost of food and energy has a negative impact on the tenants' ability to pay rents.

This could affect the ability of the Borrowers to meet their respective payment obligations under the Loan Agreement to which they are a party and, in turn, this could adversely affect the Issuer's ability to make payments on the Notes."

On page 23 of the Programme Memorandum, the following information shall be inserted as a new fourth paragraph under the risk factor "*Increased Devolution for Scotland*":

"Furthermore, on 28th June, 2022, the Scottish Government announced an intention to hold a further independence referendum in October, 2023. It cannot presently be said with certainty what the impact, if any, on Borrowers which are Scottish RSLs might be of a vote for Scotland to cease to be a part of the United Kingdom."

On page 24 of the Programme Memorandum, the reference to the "Secretary of State for Housing, Communities and Local Government" in the third paragraph within the risk factor "*Housing Administration*" shall be deleted in its entirety and replaced with "Secretary of State for Levelling Up, Housing and Communities".

DESCRIPTION OF THE ISSUER

On page 72 of the Programme Memorandum, the table under the heading titled "Directors of the Issuer" shall be deemed deleted and replaced with the following:

"Name	Address	Principal Activities outside the Issuer
George Patrick Blunden	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Scott Lee Bottles	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Fenella Jane Edge	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Group Treasurer, THFC Management of Special Purpose Companies
Peter Henry Impey	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Anthony Neil King	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
David Frederick Montague	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
Gillian Caroline Sarah Payne	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
William Richard Perry	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director Director of Strategy, Regulator of Social Housing
Catherine Anne Ryder	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director Director of Policy and Research, National Housing Federation
Shirley Diana Smith	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director
William Guy Thomas	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Company Director

"**Name**	**Address**	**Principal Activities outside the Issuer**
Raymond Bernard Nathan Walker	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Finance Director and Company Secretary, THFC Management of Special Purpose Companies
John Piers Williamson	3rd Floor 17 St. Swithin's Lane London EC4N 8AL	Chief Executive, THFC Management of Special Purpose Companies"

On page 74 of the Programme Memorandum, the first paragraph shall be deleted and replaced with the following:

"The secretaries of the Issuer are Raymond Bernard Nathan Walker and Ella Lee Hoareau whose business address is 3rd Floor, 17 St. Swithin's Lane, London EC4N 8AL."

On page 74 of the Programme Memorandum, the words "24 July, 2018 (the **Management Services Agreement**)" in the first line under the subheading "Management Services Agreement" under the section "Description of the Issuer" shall be deleted and replaced with the words "24 July, 2018 (as amended or replaced from time to time, the **Management Services Agreement**)".

On page 74 of the Programme Memorandum, paragraph (a)(i) of the subheading "Management Services Agreement" under the section "Description of the Issuer" shall be deleted and replaced with the following:

"in respect of the Loans, undertaking marketing to potential Borrowers (who may then be admitted to a credit assessment process undertaken by Moody's) and sourcing lending opportunities, undertaking credit due diligence on potential Borrowers, negotiating the commercial terms of the Loans, reviewing and approving Loan documentation in respect of the entry by the Issuer into new Loans, record-keeping in respect of the Loans, monitoring the performance of the Borrowers' obligations in respect of the Loans and taking such action as the Issuer and the Administrator consider appropriate in the event that payments due under the Loans are not received on the due date."

DESCRIPTION OF THE BORROWERS

On page 76 of the Programme Memorandum, the second paragraph under the section "*Description of the Borrowers*" shall be deleted and replaced with the following:

"The Issuer will ensure that all Borrowers go through an assessment process by Moody's sufficient to establish and maintain a rating on Notes issued under the Programme and will not enter into a Loan Agreement with a Borrower without written confirmation from the Rating Agencies that the entry into a Loan Agreement with such Borrower will not adversely affect the then current rating of the Issuer or the Notes."

On page 76 of the Programme Memorandum, the section "*England*" under the heading "Regulation of housing associations" shall be deleted and replaced with the following:

"***England***

The funding and regulation of housing associations has undergone significant change in recent years under the Housing and Regeneration Act 2008, as amended by the Location Act 2011 and the Housing and Planning Act 2016 (the **2008 Act**). The functions of the Regulator of Social Housing were previously carried out through a separate committee of the HCA (the **Regulation Committee**). In October 2018, the Legislative Reform (Regulator of Social Housing) (England) Order 2018 brought the "Regulator of Social Housing" into existence as an independent stand-alone non-departmental public body of the government. The investment function, namely the provision of grant funding for the creation of new social housing, is carried out through the rebranded arm of the HCA – Homes England (or the Greater London Authority in London).

The objectives of the Regulator of Social Housing are split into an economic regulation objective and consumer regulation objectives.

The economic regulation objective is:

- to ensure that registered providers of social housing are financially viable and properly managed and perform their functions efficiently and economically;

- to support the provision of social housing sufficient to meet reasonable demands (including by encouraging and promoting private investment in social housing); and

- to ensure that value for money is obtained from public investment in social housing and that unreasonable burden is not imposed (directly or indirectly) on public funds and they are not misused.

The consumer regulation objective is:

- to support the provision of social housing that is well managed and of appropriate quality and there is sufficient choice and protection to actual or potential tenants of social housing;

- to ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account; and

- to encourage registered providers of social housing to contribute to the environmental, social and economic wellbeing of the areas in which the housing is situated.

The publication of the "Charter for Social Housing Residents: Social Housing White Paper" by the Department for Levelling Up Housing & Communities on 17th November, 2020 which was updated on 22nd January, 2021 (the **Social Housing White Paper**) indicated that the UK Government intends to alter the regulation objectives so as to explicitly cover safety and transparency, in addition to the objectives listed above; and this intention is being implemented via the new Social Housing (Regulation) Bill (the **Social Housing Bill**), which is currently in process in Parliament after being introduced in the House of Lords on 8 June 2022.

The Regulator of Social Housing has a duty to exercise its functions in a way that minimises interference and is (as far as is possible) proportionate, consistent, transparent and accountable. These requirements underpin how the Regulator of Social Housing carries out all of its functions.

In England, registered providers of social housing are categorised as private registered providers or local authority registered providers. Private registered providers may be profit-making and non-profit making. Profit-making registered providers are subject to a slightly different regulatory regime and are not subject to some of the statutory powers of the Regulator of Social Housing. Local authority registered providers are regulated only in respect of the consumer regulation objective and, from April, 2020, the rent standard element of the economic regulation objective.

Regulatory standards have been set by the Regulator of Social Housing. There are three economic standards (governance and financial viability; value for money; and rent) and four consumer standards (tenant involvement and empowerment; home; tenancy and neighbourhood; and community), all of which are supplemented by various guidance, policies and codes of practice which set out more information about how the Regulator of Social Housing will regulate in practice and how it will gain assurances in order to form judgments on registered providers of social housing.

The Regulator of Social Housing continues to provide proactive regulation of the economic standards, but in relation to the consumer standards it has taken a more reactive approach with the use of its statutory powers being restricted to instances where there is a risk of serious detriment to tenants. There is no such restriction in the context of any potential breach of one of the economic standards.

The Social Housing White Paper and Social Housing Bill propose a change to the regulation of consumer standards. Legislative change is being implemented via the Social Housing Bill to remove the "serious detriment" test (therefore lowering the threshold at which the Regulator of Social Housing can use its statutory powers to enforce the consumer standards), and the Social Housing Bill includes proposals to introduce to the Regulator of Social Housing an ability to issue codes of practice relating to the consumer standards. Routine inspections of larger landlords are also proposed, together with more reactive inspections where issues of concern are raised.

The Regulator of Social Housing has enforcement powers including powers to require information, to make appointments to a private registered provider's board, to issue enforcement notices and penalties, to require payment of compensation to tenants and to outsource management functions as well as to conduct inquiries. The Social Housing White Paper and Social Housing Bill contain various mechanisms to strengthen the enforcement powers of the Regulator of Social Housing, including the removal of the financial cap on fines, and an ability to require performance improvement plans from registered providers of social housing. The Regulator of Social Housing also has statutory powers in relation to moratorium under the 2008 Act in the event of the insolvency of a registered provider of social housing. Under the Insolvency of Registered Providers of Social Housing Regulations 2018, it has the power to ask the court to appoint a housing administrator under the special administration provisions incorporated within the Housing and Planning Act 2016 (see "*Risk Factors – Factors which may affect the Borrowers' ability to fulfil their obligations under the Loan Agreements*" for a discussion of housing administration and the 2008 Act moratorium more generally).

As the Regulator of Social Housing takes a risk-based proportionate approach it regulates registered providers of social housing differently depending upon its judgment as to their level of risk exposure. In particular, registered providers of social housing that own fewer than a thousand social housing units are subject to a different and lighter level of regulatory engagement than larger registered providers of social housing.

On 30th October, 2015, the ONS announced the reclassification of housing associations in England from "private non-financial corporations" to "public non-financial corporations" for the purposes of national accounts and other ONS economic statistics. In response the Government confirmed in November 2015 that it would introduce statutory deregulatory measures with the intention that the private sector status of registered providers of social housing be restored. From April 2017 onwards the Housing and Planning Act 2016 introduced a deregulation regime in respect of certain actions of registered providers of social housing (e.g. disposing of social housing dwellings and certain other land, obtaining consent prior to undertaking certain constitutional amendments, restructurings or mergers) and replaced it with a notification regime."

General Information

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Programme Memorandum by this Supplement and (b) any other statement in or incorporated by reference in the Programme Memorandum, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Programme Memorandum since the publication of the Programme Memorandum.