

**SUPPLEMENT DATED 8TH JANUARY, 2019 TO THE OFFERING CIRCULAR DATED 21ST
SEPTEMBER, 2018**



CLARION FUNDING PLC

(Incorporated in England with limited liability under the Companies Act 2006, registered number 10922187)

£3,000,000,000

Secured Euro Medium Term Note Programme

This Supplement (the **Supplement**) to the Offering Circular (the **Offering Circular**) dated 21st September, 2018 which comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the £3,000,000,000 Secured Euro Medium Term Note Programme (the **Programme**) established by Clarion Funding plc (the **Issuer**). Terms defined in the Offering Circular have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in a relevant Member State of the EEA.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular 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 the import of such information.

The Group Borrower accepts responsibility for the information in relation to the update to the directors and the secretary of the Group Borrower in this Supplement. To the best of the knowledge of the Group Borrower (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Borrower accepts responsibility for the information in this Supplement under the heading "*Interim financial statements as at and for the six month period ended 30th September, 2018*" and in relation to the changes to the members of the Group Board. To the best of the knowledge of the Existing Borrower (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplement

The purpose of this Supplement is: (a) to incorporate by reference the Clarion Housing Group's interim financial statements for the half year ended 30th September, 2018; (b) to provide an update in relation to the secretary of the Issuer, the members of the Group Board and the directors and the secretary of the Group Borrower; and (c) to provide an update of certain alternative performance measures.

Interim financial statements as at and for the six month period ended 30th September, 2018

On 14th December, 2018 the Clarion Housing Group published its consolidated unaudited interim financial statements for the half year ended 30th September, 2018. A copy of those interim financial statements has been filed with the Financial Conduct Authority and, by virtue of this Supplement, those interim financial statements are incorporated in, and form part of, the Offering Circular including the information set out at the following pages in particular:

Group Statement of Comprehensive Income.....	Page 14
Group Statement of Financial Position.....	Page 15
Group Statement of Cash Flows.....	Page 17
Notes to the Financial Statements.....	Pages 18 to 32
Auditors' Review Report.....	Page 13

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

Changes to the secretary of the Issuer, the members of the Group Board and the directors and the secretary of the Group Borrower

On page 116 of the Offering Circular, in the subsection headed "*Description of the Issuer – Directors*" the reference to "Clare Miller" as the secretary of the Issuer shall be deleted and replaced with "Louise Hyde".

On pages 119 to 121 of the Offering Circular, the subsection "*Description of the Clarion Housing Group – Group Board*" shall be updated by inserting the information below following the table on page 120:

"On 2nd October, 2018, Ruth Cooke resigned as Group Chief Executive of the Clarion Housing Group and as a member of the Group Board. The Group Board agreed to appoint Clare Miller as Group Chief Executive of the Clarion Housing Group and as a member of the Group Board on 2nd October, 2018. On 7th November, 2018 Mark Hattersley was appointed as a member of the Group Board and as Chief Financial Officer of the Clarion Housing Group. On 1st November, 2018, David Orr was appointed as a member of the Group Board."

On page 120 of the Offering Circular, the following words shall be deleted:

"The Group Board has also appointed Mark Hattersley as its new Chief Financial Officer and he will officially start his role in autumn 2018".

On pages 122 to 123 of the Offering Circular, the subsection "*Description of the Clarion Housing Group – The Group Borrower – Directors*" shall be updated by inserting the information below following the table on page 123:

"The following have been appointed as directors of the Group Borrower: on 26th September, 2018, Austen Reid; on 15th October, 2018, Clare Miller; and on 17th December, 2018, Mark Hattersley. Ruth Cooke resigned as a director of the Group Borrower on 2nd October, 2018."

On page 123 of the Offering Circular, in the subsection headed "*Description of the Clarion Housing Group – The Group Borrower – Directors*" the reference to "Clare Miller" as the secretary of the Group Borrower shall be deleted and replaced with "Louise Hyde".

Alternative Performance Measures

On pages 127 to 140 of the Offering Circular, the metrics entitled "Net debt" and "Sales WIP" shall be deleted from the table and replaced by the metrics entitled "Net Debt" and "Sales WIP or Maximum Development for Sale Work in Progress" set out in the table below. In addition, a new definition of "Operating margin (Financial Statements)" shall be added:

Metric	Definition	Reconciliation	Additional Information
<p><i>Net debt</i></p> <p><i>(for Group Financial Golden Rules)</i></p>	<p>"Total Debt" deducting "cash and cash equivalents" and deducting "current asset investments".</p>	<p>"Total Debt" is taken from Note 24 to the relevant Group Financial Statements or Note 11 to the relevant Group Interim Financial Statements. See the relevant total figure for "Group – Notional Amounts Drawn" in respect of the relevant financial period."</p> <p>"Cash and cash equivalents" is taken from the Statement of Financial Position in the relevant Group Financial Statements or the relevant Group Interim Financial Statements.</p> <p>"Current asset investments" is taken from the Statement of Financial Position in the relevant Group Financial Statements or the relevant Group Interim Financial Statements.</p>	<p>Net Debt is an indicator that shows how much debt is outstanding if the cash and investments of the Clarion Housing Group are used to satisfy part of the debt.</p>
<p><i>Operating margin</i></p> <p><i>(Financial Statements)</i></p>	<p>"Operating surplus" divided by "turnover" (expressed as a percentage).</p>	<p>"Operating surplus" is taken from the Statement of Comprehensive Income in the relevant Group Financial Statements or the relevant Group Interim Financial Statements.</p> <p>"Turnover" is taken from the Statement of Comprehensive Income in the relevant Group Financial Statements or the relevant Group Interim Financial Statements.</p>	<p>Operating margin is a measure of profitability. This ratio indicates the efficiency of the Clarion Housing Group's financial performance by showing how much of each £1 of revenues is left after both operating costs and cost of sales are considered.</p>
<p><i>Sales WIP or Maximum Development for Sale Work in Progress</i></p> <p><i>(for Latimer Financial Golden Rules)</i></p>	<p>Non-social stock under construction.</p>	<p>"Stock – under construction – non-social" is taken from Note 19 to the relevant Group Financial Statements or Note 10 to the relevant Group Interim Financial Statements. See the figure for the relevant financial period end date under the column entitled "Under Construction – Non-social".</p>	<p>This is a risk indicator showing the Work in Progress balance related to private sales of the Clarion Housing Group. This is one of the indicators to manage the Clarion Housing Group's private sales exposure.</p>

General

Copies of all documents incorporated by reference in the Offering Circular can be obtained from the registered office of the Issuer, from the specified office of the Paying Agent for the time being in London and will be available for viewing on the Clarion Housing Group's website at <http://www.clarionhg.com/investor-relations/reports-financial-statements-and-investor-presentations/>.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, 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 Offering Circular since the publication of the Offering Circular.