

FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), 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 has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

17th April, 2018

CLARION FUNDING PLC

**Issue of £250,000,000 3.125 per cent. Secured Notes due 2048
under the £3,000,000,000
Secured Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 29th September, 2017 and the supplement to it dated 29th March, 2018 which together constitute a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published via the regulatory news service maintained by the London Stock Exchange's (www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

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| 1. | Issuer: | Clarion Funding plc |
| 2. | (a) Series Number: | 1 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency or Currencies: | Pounds Sterling (£) |
| 4. | Aggregate Principal Amount: | |
| | (a) Series: | £250,000,000 |
| | (b) Tranche: | £250,000,000 |
| 5. | Issue Price: | 99.037 per cent. of the Aggregate Principal Amount |

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| 6. | (a) Specified Denominations: | £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Notes in definitive form will be issued with a denomination above £199,000 |
| | (b) Calculation Amount (in relation to calculation of interest in respect of Notes in global form see Conditions): | £1,000 |
| 7. | (a) Issue Date: | 19th April, 2018 |
| | (b) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | 19th April, 2048 |
| 9. | Interest Basis: | 3.125 per cent. Fixed Rate

(see paragraph 15 below) |
| 10. | Redemption Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their principal amount |
| 11. | Change of Interest Basis: | Not Applicable |
| 12. | Date Board approval for issuance of Notes obtained: | 13th September, 2017 |

PROVISIONS RELATING TO SECURITY

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| 13. | Numerical Apportionment Basis: | Applicable |
| | (a) Issuer's Series Security Percentage on the Issue Date: | 5.31 per cent. |
| | (b) Minimum Value of the NAB Charged Properties on the Issue Date: | £4,808,751,314.61 |
| 14. | Specific Apportionment Basis: | Not Applicable |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | Fixed Rate Note Provisions | Applicable |
| | (a) Rate(s) of Interest: | 3.125 per cent. per annum payable in arrear on each Interest Payment Date |
| | (b) Interest Payment Date(s): | 19th April and 19th October in each year up to and including the Maturity Date |
| | (c) Fixed Coupon Amount(s) for Notes | £15.63 per Calculation Amount |

in definitive form (and in relation to Notes in global form see Conditions):

- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): Not Applicable
- (e) Day Count Fraction: Actual/Actual (ICMA)
- (f) Determination Date(s): 19th April and 19th October in each year

16. Floating Rate Note Provisions Not Applicable

PROVISIONS RELATING TO REDEMPTION

- 17. Final Redemption Amount: £1,000 per Calculation Amount
- 18. Early Redemption in respect of redemption pursuant to Condition 9.2 (*Early Redemption*): Applicable
 - (a) Specified Benchmark Gilt: 1½% Treasury Gilt July 2047
 - (b) Spens Margin: 0.25 per cent.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 19. Form of Notes:
 - (a) Form: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event
 - (b) New Global Note: Yes
- 20. Additional Financial Centre(s): Not Applicable
- 21. Talons for future Coupons to be attached to Definitive Notes: Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made

Signed on behalf of Clarion Funding plc:

By: 

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from 20th April, 2018.
- (ii) Estimate of total expenses related to admission to trading: £5,400

2. RATINGS

Ratings: The Notes to be issued are expected to be rated by Moody's Investors Service Limited "A3"

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Group Borrower and the Borrower and their affiliates in the ordinary course of business.

4. YIELD

Indication of yield: 3.175 per cent.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

- (i) ISIN: XS1808340019
- (ii) Common Code: 180834001
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.

6. DISTRIBUTION

- (i) Method of distribution: Syndicated
- (ii) If syndicated, names of Managers: HSBC Bank plc
Lloyds Bank plc
The Royal Bank of Scotland plc (trading as NatWest Markets)
- (iii) Date of Subscription Agreement: 17th April, 2018
- (iv) Stabilisation Manager(s) (if any): HSBC Bank plc
- (v) If non-syndicated, name of relevant Dealer: Not Applicable
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D
- (vii) Prohibition of Sales to EEA Retail Investors: Applicable