

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF PARATUS AMC LIMITED (A "**U.S. RISK RETENTION WAIVER**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S UNDER THE SECURITIES ACT. EACH PURCHASER OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION THEREOF, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT: (1) EITHER (A) IS NOT A RISK RETENTION U.S. PERSON OR (B) IT HAS OBTAINED A U.S. RISK RETENTION WAIVER, (2) IS ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR RESIDUAL CERTIFICATE; AND (3) IS NOT ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THIS PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT: (I) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN; (II) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION; AND (III) YOU ARE NOT, AND ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS OR THE DISTRICT OF COLUMBIA.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Twin Bridges 2023-2 PLC (the "**Issuer**"), Paratus AMC Limited ("**Paratus**"), Deutsche Bank AG, London Branch, Lloyds Bank Corporate Markets plc, BNP Paribas, BofA Securities, National Australia Bank Limited, NATIXIS, Apollo Management International LLP, nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version is available to you on request from Deutsche Bank AG, London Branch, Lloyds Bank Corporate Markets plc, BNP Paribas, BofA Securities, National Australia Bank Limited or NATIXIS.

TWIN BRIDGES 2023-2 PLC

Legal entity identifier (LEI): 2138006QP9OIWZ8XHY17

Securitisation transaction unique identifier: 2138006QP9OIWZ8XHY17N202302

(Incorporated under the laws of England and Wales with limited liability, registered number 15168036)

Class of Notes	Initial Principal Amount	Issue Price	Reference Rate	Margin (payable up to and including the Optional Redemption Date)	Step-Up Margin (payable from the Optional Redemption Date)	Ratings (S&P/Moody's)	Final Maturity Date
Class A Notes	£404,771,000	100%	Compounded Daily SONIA	1.18% per annum	1.77% per annum	AAA/Aaa	The Interest Payment Date falling in May 2056
Class B Notes	£28,586,000	100%	Compounded Daily SONIA	2.05% per annum	3.05% per annum	AA/Aa1	The Interest Payment Date falling in May 2056
Class C Notes	£14,865,000	100%	Compounded Daily SONIA	3.25% per annum	4.25% per annum	A+/A2	The Interest Payment Date falling in May 2056
Class D Notes	£9,147,000	100%	Compounded Daily SONIA	4.05% per annum	5.05% per annum	BBB+/Baa1	The Interest Payment Date falling in May 2056
Class Z Notes	£5,718,000	100%	N/A	N/A	N/A	Not Rated	The Interest Payment Date falling in May 2056
RC1 Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RC2 Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A

It is noted that the RC1 Residual Certificates and the RC2 Residual Certificates are included for completeness but will not be offered or sold to any investor under this Prospectus.

JOINT ARRANGERS

DEUTSCHE BANK AG, LONDON BRANCH

LLOYDS BANK CORPORATE MARKETS

JOINT LEAD MANAGERS

**BNP
PARIBAS**

**BOFA
SECURITIES**

**DEUTSCHE
BANK AG,
LONDON
BRANCH**

**LLOYDS BANK
CORPORATE
MARKETS**

**NATIONAL
AUSTRALIA
BANK**

NATIXIS

CO-MANAGER

APOLLO MANAGEMENT INTERNATIONAL LLP

The date of this Prospectus is 16 November 2023

IMPORTANT NOTICE

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, THE SELLER, THE RETENTION HOLDER, THE ORIGINATOR, THE INITIAL LENDER OF RECORD, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE CO-MANAGER, THE SWAP COUNTERPARTIES, THE SERVICER, THE BACK-UP SERVICER FACILITATOR, THE CASH MANAGER, THE PRINCIPAL PAYING AGENT, THE ISSUER ACCOUNT BANK, THE GLOBAL COLLECTION ACCOUNT BANK, THE COLLECTION ACCOUNT BANK, HOLDINGS, THE CORPORATE SERVICES PROVIDER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES (INCLUDING THEIR RESPECTIVE AFFILIATES) OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Notes will each be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Notes may be issued in definitive registered form under certain circumstances.

The RC1 Residual Certificates and the RC2 Residual Certificates will each be represented on issue by a global residual certificate in registered form (a "**Global Residual Certificate**"). The RC1 Residual Certificates and the RC2 Residual Certificates may be issued in definitive registered form under certain circumstances.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ISSUER OR BY ANY RELEVANT PARTY THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION BY THE CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER OR BY ANY RELEVANT PARTY WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS AND THE CO-MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

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 DIRECTIVE 2014/65/EU (AS AMENDED, "**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.

UK MIFIR 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 ONLY ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("**COBS**") AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("**UK MIFIR**"); 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 THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "**UK MIFIR PRODUCT GOVERNANCE RULES**") 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.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON AS DEFINED IN REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF PARATUS AMC LIMITED (A "**U.S. RISK RETENTION WAIVER**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S UNDER THE SECURITIES ACT. EACH PURCHASER OF THE NOTES, THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION THEREOF, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (A) IS NOT A RISK RETENTION U.S. PERSON OR (B) IT HAS OBTAINED A U.S. RISK RETENTION WAIVER, (2) IS ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR RESIDUAL CERTIFICATE, AND (3) IS NOT ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – THE NOTES AND RESIDUAL CERTIFICATES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS 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 MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, 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; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS REGULATION. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "**EU PRIIPS REGULATION**") FOR OFFERING OR SELLING THE NOTES OR RESIDUAL CERTIFICATES 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 EU PRIIPS REGULATION.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – THE NOTES AND RESIDUAL CERTIFICATES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS IN THE UNITED KINGDOM ("UK"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED BY THE EUROPEAN UNION (WITHDRAWAL AGREEMENT) ACT 2020) (THE "EUWA"); OR (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FSMA AND ANY RULES OF THE FSMA TO IMPLEMENT THE INSURANCE DISTRIBUTION DIRECTIVE WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF MIFID II AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "**UK PRIIPS REGULATION**") FOR OFFERING OR SELLING THE NOTES OR RESIDUAL CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – SOLELY FOR THE PURPOSES OF ITS OBLIGATIONS PURSUANT TO SECTIONS 309B(1)(A) AND 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME, THE "SFA"), THE ISSUER (AS DEFINED HEREIN) HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309A OF THE SFA) THAT THE NOTES (AS DEFINED HEREIN) ARE CAPITAL MARKETS PRODUCTS OTHER THAN "PRESCRIBED CAPITAL MARKETS PRODUCTS" (AS DEFINED IN THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018).

THIS PROSPECTUS IS BEING SENT AT YOUR REQUEST AND BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT: (I) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN; (II) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION; AND (III) YOU ARE NOT, AND ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S) AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS OR THE DISTRICT OF COLUMBIA.

THE JOINT LEAD MANAGERS, THE SELLER, THE RETENTION HOLDER AND EACH SUBSEQUENT PURCHASER OF THE NOTES WILL BE DEEMED BY ITS ACCEPTANCE OF SUCH NOTES TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF THE NOTES AS DESCRIBED IN THIS PROSPECTUS AND (IN RESPECT OF THE JOINT LEAD MANAGERS, THE SELLER AND THE RETENTION HOLDER) AS SET OUT IN THE SUBSCRIPTION AGREEMENT AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

NONE OF THE ISSUER NOR ANY RELEVANT PARTY MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS PROSPECTUS HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS PROSPECTUS) AND, AS FAR AS THE ISSUER

IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

EXCEPT AS SPECIFICALLY EXCLUDED THEREIN, THE SELLER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE MORTGAGE PORTFOLIO AND THE MORTGAGE LOANS*" AND "*CHARACTERISTICS OF THE PROVISIONAL MORTGAGE PORTFOLIO*". TO THE BEST OF THE KNOWLEDGE OF THE SELLER, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SELLER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE AND NOT SPECIFICALLY EXCLUDED THEREIN) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE SELLER, THE ORIGINATOR, THE RETENTION HOLDER AND THE SERVICER ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE SELLER, RETENTION HOLDER AND SERVICER*" AND "*THE ORIGINATOR*". TO THE BEST OF THE KNOWLEDGE OF THE SELLER, THE ORIGINATOR, THE RETENTION HOLDER AND THE SERVICER, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SELLER, THE ORIGINATOR, THE RETENTION HOLDER, AND THE SERVICER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE NAB SWAP COUNTERPARTY ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NAB SWAP COUNTERPARTY*". TO THE BEST OF THE KNOWLEDGE OF THE NAB SWAP COUNTERPARTY, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE NAB SWAP COUNTERPARTY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE NATIXIS SWAP COUNTERPARTY ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NATIXIS SWAP COUNTERPARTY*". TO THE BEST OF THE KNOWLEDGE OF THE NATIXIS SWAP COUNTERPARTY, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE NATIXIS SWAP COUNTERPARTY AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE GLOBAL COLLECTION ACCOUNT BANK AND COLLECTION ACCOUNT BANK EACH ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE GLOBAL COLLECTION ACCOUNT BANK AND COLLECTION ACCOUNT BANK*". TO THE BEST OF THE KNOWLEDGE OF EACH OF THE GLOBAL COLLECTION ACCOUNT BANK AND COLLECTION ACCOUNT BANK, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE GLOBAL COLLECTION ACCOUNT BANK OR COLLECTION ACCOUNT BANK AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS

PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

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HAVE SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE CO-MANAGER, THE RETENTION HOLDER, THE SERVICER, THE SELLER, THE ORIGINATOR, THE INITIAL LENDER OF RECORD, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CASH MANAGER, THE ISSUER ACCOUNT BANK OR THE AGENTS MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR (OTHER THAN AS SET OUT ABOVE) ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS. NONE OF THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS OR THE CO-MANAGER SHALL BE RESPONSIBLE FOR, ANY MATTER WHICH IS THE SUBJECT OF ANY STATEMENT, REPRESENTATION, WARRANTY OR COVENANT OF THE ISSUER CONTAINED IN THE NOTES OR ANY TRANSACTION DOCUMENTS, OR ANY OTHER AGREEMENT OR DOCUMENT RELATING TO THE NOTES OR ANY TRANSACTION DOCUMENT, OR FOR THE EXECUTION, LEGALITY, EFFECTIVENESS, ADEQUACY, GENUINENESS, VALIDITY, ENFORCEABILITY OR ADMISSIBILITY IN EVIDENCE THEREOF. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE RETENTION HOLDER, THE SERVICER, THE SELLER, THE ORIGINATOR, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE AGENTS, THE JOINT LEAD MANAGERS, THE JOINT ARRANGERS, THE CO-MANAGER OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

PAYMENTS OF INTEREST AND PRINCIPAL IN RESPECT OF THE NOTES WILL BE SUBJECT TO ANY APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY OTHER AMOUNTS THEREFOR.

IN THIS PROSPECTUS ALL REFERENCES TO "**STERLING**", "**GBP**" AND "**£**" ARE REFERENCES TO THE LAWFUL CURRENCY FOR THE TIME BEING OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (THE "**UNITED KINGDOM**" OR "**UK**"). REFERENCES IN THIS PROSPECTUS TO "**€**", "**EUR**" AND "**Euro**" ARE REFERENCES TO THE SINGLE CURRENCY INTRODUCED AT THE THIRD STAGE OF EUROPEAN ECONOMIC AND MONETARY UNION PURSUANT TO THE TREATY ESTABLISHING THE EUROPEAN COMMUNITIES AS AMENDED FROM TIME TO TIME.

In this Prospectus all references to the "**FCA**" are to the United Kingdom Financial Conduct Authority and all references to the "**PRA**" are to the Bank of England in its capacity as the United Kingdom Prudential Regulation Authority, which together replaced the Financial Services Authority (the "**FSA**") pursuant to the provisions of the UK Financial Services Act 2012 (as amended).

In this Prospectus, words denoting the singular number only shall include the plural number and *vice versa* and words denoting one gender shall include the other genders, as the context may require. A defined term in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters.

Forward-Looking Statements and Statistical Information

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "**may**", "**will**", "**could**", "**believes**", "**expects**", "**anticipates**", "**continues**",

"intends", **"plans"** or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. This Prospectus also contains certain tables and other statistical analyses (the **"Statistical Information"**) which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Relevant Parties has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer nor any of the Relevant Parties assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

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Issue Date	The Issuer will issue the Notes (in the classes set out above) and the Residual Certificates on or about 20 November 2023 (the " Closing Date ").
Standalone/Programme Issuance	Standalone issuance.
Listing	<p>This document comprises a prospectus (the "Prospectus") for the purposes of Regulation (EU) 2017/1129 of the European Parliament (as amended, the "Prospectus Regulation"). This Prospectus has been approved by the Central Bank of Ireland (the "Central Bank") as the competent authority under the Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Issuer or the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (together, the "Collateralised Rated Notes") and together with the Class Z Notes are the "Notes". The Notes are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "MiFID II") and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") for the Notes to be admitted to the official list (the "Official List") and trading on its regulated market (the "Regulated Market of Euronext Dublin"). The Regulated Market of Euronext Dublin is a regulated market for the purposes of MiFID II.</p> <p>This Prospectus is valid for a period of 12 months from the date of approval. The obligation to prepare a supplement to this Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply when the Prospectus is no longer valid. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Prospectus after the closing of the offer period or the time when trading of the Notes on a regulated market begins, whichever occurs later.</p>
Benchmarks	<p>Amounts payable under the Notes (other than Class Z Notes) may be calculated by reference to SONIA.</p> <p>At the date of this Prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of Regulation (EU) 2016/1011 (the "EU Benchmarks Regulation"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the EU Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmark issued in 2017 by the International Organisation of Securities Benchmarks.</p> <p>At the date of this Prospectus, the administrator of SONIA is not included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Benchmarks Regulation"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the UK Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmark issued in 2017 by the International Organisation of Securities Benchmarks.</p>
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and revenue received from a portfolio comprising buy-to-let mortgage loans sold by Paratus (the " Seller ") which were originated by the Seller (the " Originator ") directly or under the lending platform established by Landbay Partners Limited (" Landbay ") with Landbay as initial lender of record (the

"**Initial Lender of Record**") and secured over residential properties located in England and Wales and Scotland which will be purchased by the Issuer from the Seller on the Closing Date. With respect to the Mortgage Loans originated under the lending platform established by Landbay, with Landbay as initial lender of record, all related mortgage applications were underwritten by the Seller using the Seller's systems and processes and each such Mortgage Loan was funded at origination by the Seller and the legal title of which has since been transferred to the Seller.

See the sections entitled "*Mortgage Portfolio and Servicing*", "*The Mortgage Portfolio and the Mortgage Loans*" and "*Characteristics of the Provisional Mortgage Portfolio*" for further details.

Credit Enhancement

Credit enhancement of the Notes is provided in the following manner:

- in relation to each Class of the Collateralised Rated Notes, the overcollateralisation funded by Notes ranking junior to such Class of Notes (other than the Class Z Notes) in the relevant Priority of Payments (if any) and the Accumulated Overcollateralisation arising in prior periods (if any);
- in relation to each Class of Notes, the amount by which Available Revenue Receipts exceed the amounts required to pay interest on the relevant Class of Notes and all other amounts ranking in priority thereto in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- the General Reserve Fund, which will be constituted by: (i) the Credit Reserve; and (ii) the Liquidity Reserve;
 - the Credit Reserve will provide credit enhancement to all Classes of the Collateralised Rated Notes, subject to application in accordance with the relevant Priority of Payments; and
 - following the delivery of an Enforcement Notice, the Liquidity Reserve will provide support for the Notes in the manner described in "*Liquidity Support*" below in accordance with the Post-Enforcement Priority of Payments.

See the sections entitled "*Credit Structure and Cashflow*" and "*Credit Structure*" for further details.

Liquidity Support

Liquidity support for the Notes is provided in the following manner:

- in relation to each Class of the Collateralised Rated Notes, the subordination in payment of those Classes of Notes (if any) ranking junior in the Pre-Enforcement Revenue Priority of Payments and the Residual Certificates;
- in relation to each Class of the Collateralised Rated Notes, the amount by which Available Revenue Receipts exceed the amounts required to pay interest on the relevant Class of Notes in accordance with the Pre-Enforcement Revenue Priority of Payments and all other amounts ranking in priority thereto;
- in relation to the Collateralised Rated Notes only, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Revenue Deficits: (i) in the case of the Class A Notes,

at any time; (ii) in the case of the Class B Notes, conditionally on or prior to the Class A Note Redemption Date and thereafter unconditionally at any time; (iii) in the case of the Class C Notes, unconditionally following Class B Note Redemption Date and (iv) in the case of the Class D Notes, unconditionally following the Class C Note Redemption Date;

- the Liquidity Reserve, which will provide liquidity support:
 - (a) to the Class A Notes at all times;
 - (b) prior to the Class A Note Redemption Date, conditionally to the Class B Notes;
 - (c) after the Class A Notes have been redeemed in full (the "**Class A Note Redemption Date**") but on or prior to the date on which the Class A Notes and the Class B Notes have been redeemed in full (the "**Senior Note Redemption Date**"), to the Class B Notes at all times;
 - (d) to cover any shortfall in amounts required on an Interest Payment Date to pay items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments (listed items the "**Senior Expenses**") (until the Senior Note Redemption Date). Following the Senior Note Redemption Date, the Liquidity Reserve Required Amount shall be zero;
 - (e) on the Final Redemption Date, all amounts (if any) standing to the credit of the Liquidity Reserve Ledger (after first having applied any Liquidity Reserve Drawings to meet any Revenue Deficit on the Final Redemption Date (subject to the satisfaction of the Liquidity Availability Conditions)) will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments; and
 - (f) following delivery of an Enforcement Notice, to all Classes of Notes in accordance with the Post-Enforcement Priority of Payments; and
- in relation to the Collateralised Rated Notes, amounts standing to the credit of the Credit Reserve Ledger.

See the sections entitled "*Credit Structure and Cashflow*" and "*Credit Structure*" for further details.

Swap Arrangements

The Issuer will enter into:

- (a) swap transactions which will be governed by a 1992 ISDA Master Agreement (Multicurrency – Cross Border) (together with a schedule and credit support annex thereto) (the "**NAB Swap Agreement**") entered into between the Issuer and the NAB Swap Counterparty on or around the Closing Date (the "**NAB Swap Transaction**"); and
- (b) swap transactions which will be governed by a 1992 ISDA Master Agreement (Multicurrency – Cross Border) (together with a schedule and credit support annex thereto) (the "**NATIXIS Swap Agreement**") and together with the NAB Swap Agreement, the "**Swap Agreements**") entered into between the Issuer and the NATIXIS

Swap Counterparty on or around the Closing Date (the "**NATIXIS Swap Transactions**"),

(the NAB Swap Transaction and the NATIXIS Swap Transactions being together the "**Swap Transactions**"), in order to provide a hedge, to a certain extent, against the possible variance between the fixed rates of interest payable on Mortgage Loans in the Mortgage Portfolio which pay interest on a fixed rate basis and the floating rate of interest of the Notes which is calculated, in relation to the Collateralised Rated Notes by reference to Compounded Daily SONIA.

See the section entitled "*Swap Arrangements*" for further details.

Redemption Provisions Information on any mandatory redemption of the Notes is summarised on page 62 ("*General Characteristics of the Notes and the Residual Certificates*") and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").

Credit Rating Agencies Moody's Investors Service Limited ("**Moody's**") and S&P Global Ratings Europe Limited (S&P Global) ("**S&P**") (each a "**Rating Agency**" and together, the "**Rating Agencies**"). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the United Kingdom (the "**UK**") and is registered under Regulation (EU) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The ratings issued by Moody's and S&P have been endorsed by Moody's Deutschland GmbH and S&P Global Ratings Europe Limited respectively. Each of Moody's Deutschland GmbH and S&P Global Ratings Europe Limited is registered under Regulation (EU) No. 1060/2009 (as amended) (the "**EU CRA Regulation**"). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation.

Credit Ratings The ratings assigned by Moody's address, *inter alia*:

- in respect of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the likelihood of full and timely payment of interest due to the holders of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, respectively, on each Interest Payment Date; and
- the likelihood of full payment of principal to the holders of the Collateralised Rated Notes, respectively, by a date that is not later than the Final Maturity Date.

The ratings assigned by S&P address, *inter alia*:

- in respect of the Class A Notes and the Class B Notes, the likelihood of full and timely payment of interest due to the holders of the Class A Notes and the Class B Notes on each Interest Payment Date;
- in respect of the Class C Notes and Class D Notes, the likelihood of full and timely payment of interest to the holders of the Class C Notes and Class D Notes respectively on each Interest Payment Date when such class is the Most Senior Class of Notes; and
- the likelihood of full and ultimate payment of principal to the holders of the Collateralised Rated Notes on or prior to the Final Maturity Date.

Ratings are expected to be assigned to the Class A Notes, Class B Notes, Class C Notes and Class D Notes on or before the Closing Date.

The Class Z Notes will not be rated by the Rating Agencies.

The assignment of a rating to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes by any Rating Agency is not a recommendation to invest in the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes respectively or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

Obligations

The Notes and the Residual Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in the Prospectus.

Risk Retention Undertaking

On the Closing Date and until all the Notes have been redeemed in full, Paratus, as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation (the "**Retention Holder**") will retain a material net economic interest of not less than five per cent. in the securitisation as required by Article 6 of Regulation (EU) 2017/2402 as it forms part of domestic law by virtue of the EUWA, including and the Securitisation (Amendment) (EU Exit) Regulations 2019, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto (the "**UK Securitisation Regulation**") and Article 6 of Regulation (EU) 2017/2402 (the "**EU Securitisation Regulation**") as if it were applicable to it (which does not take into account any relevant national measures), in each case together with any implementing regulation, technical standards and official guidance related thereto and as amended, varied or substituted from time to time (the "**Retention**"). As at the Closing Date, the Retention will be satisfied by the Retention Holder subscribing for and thereafter holding an interest in each of the Classes of Notes sold to investors, represented in this case by the retention by the Retention Holder of at least five per cent. of each Class of Notes, as required by Article 6(3)(a) of the UK Securitisation Regulation and Article 6(3)(a) of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures). The Retention Holder will undertake to retain the material net economic interest and will give further undertakings with respect to the Retention (as to which, see the section entitled "*Risk Retention Requirements*"). Any change in the manner in which the interest is held will be notified to the Noteholders.

See the section entitled "*Risk Retention Requirements*" for further details.

On or after the Closing Date, Paratus (in its capacity as Retention Holder) may enter into financing arrangements in respect of the Retained Interest. See further "*Risk Factors – Legal and Regulatory Risks – Certain risks in respect of the potential financing of the Retention by the Retention Holder*".

The Seller, as the sponsor under the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), does not intend to retain at least five per cent. of the "credit risk" of the "securitized assets" (each such term is as defined in the U.S. Risk Retention Rules) for purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Except with the prior written consent of the Seller and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes or Residual Certificates offered and sold by the Issuer may not be purchased by, nor for the account or benefit of, any Risk Retention U.S. Person.

See the section entitled "*Risk Factors – Legal and Regulatory Risks – U.S. risk retention requirements*" for further details.

Residual Certificates

In addition to the Notes, the Issuer will issue the RC1 Residual Certificates and the RC2 Residual Certificates (together, the "**Residual Certificates**") to the Seller on the Closing Date. The RC2 Residual Certificates represent the right to receive further consideration for the purchase of the Mortgage Portfolio (consisting of the RC2 Payments in respect of the Mortgage Portfolio) and the RC1 Residual Certificates confer upon the majority holder of the RC1 Residual Certificates the right (but not the obligation) to purchase the Mortgage Portfolio from the Issuer following the Interest Payment Date immediately preceding the Optional Redemption Date as set out further herein and pursuant to the terms of the Deed Poll.

See the section entitled "*Terms and Conditions of the Residual Certificates*" for further details.

Significant Investor

In addition to holding at least five per cent. of each Class A Notes, Class B Notes, Class C Notes and Class D Notes, the Seller will on the Closing Date purchase 100 per cent. of the Class Z Notes and will on the Closing Date hold all of the RC1 Residual Certificates and the RC2 Residual Certificates.

An affiliate of the Seller will on the Closing Date purchase 95 per cent. of the Class C Notes.

Volcker Rule

The Issuer is of the view that it is not now, and immediately after the issuance of the Notes and the application of the proceeds thereof, will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the "**Volcker Rule**"). Any prospective investor in the Notes or Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

See the section entitled "*Risk Factors – Legal and Regulatory Risks – Effects of the Volcker Rule on the Issuer*" for further details.

ERISA Considerations

The Notes (and interest therein) may not be purchased or held by, or on behalf of, (i) any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject to the fiduciary responsibility provisions of Title I of ERISA, (ii) any "plan" as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), to which Section 4975 of the Code applies, (iii) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101), as modified by Section 3(42) of ERISA (each of the foregoing, a "**Benefit Plan Investor**"), or (iv) any governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), and each purchaser or transferee of the Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and is not acting on behalf of (and for so long as it holds the Notes or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan subject to Similar Law.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other United States regulatory authority, nor

have any of the foregoing authorities passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

THE "*RISK FACTORS*" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED IN THE SECTION.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and/or the Residual Certificates. All of these factors are contingencies which may or may not occur.

These factors are limited to risks which are specific to (a) the Issuer and/or (b) to the Notes and/or the Residual Certificates and which the Issuer believes are material for the purpose of taking an informed investment decision with respect to the Notes and/or Residual Certificates, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes and/or Residual Certificates for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes and/or Residual Certificates are exhaustive.

In each category of factors set out below, the Issuer believes that each factor included in each category of factors is material, with the most material in each category (based on the Issuer's assessment of the probability of its occurrence and the expected magnitude of its negative impact) being described first in each category.

Noting the points set out above by the Issuer with respect to its assessment of the level, order of materiality and potential of occurrence of the risks set out below, prospective investors should nevertheless also carefully read the information set out below and read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

1. Risks relating to the availability of funds to pay the Notes

(a) *The Issuer has a limited set of resources available to make payments on the Notes*

The ability of the Issuer to meet its obligations to pay (a) amounts under the Notes and Residual Certificates and (b) its operating and administrative expenses will be dependent solely on the extent of monies received or recovered by or on behalf of the Issuer. Such monies consist solely of: (i) monies received or recovered on the Mortgage Loans (whether by way of Monthly Payments, enforcement, disposal of the Mortgage Loans or otherwise); (ii) monies received under the Swap Agreements; (iii) amounts of interest received from the Issuer Account Bank under the Issuer Account Bank Agreement; and (iv) amounts constituting the General Reserve Fund. Other than the foregoing, the Issuer will not have any other funds available to it to make payments under the Notes and Residual Certificates and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priorities of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priorities of Payments. The recourse of the Noteholders to the Charged Assets following service of an Enforcement Notice is described below (see further "*The Notes will be limited recourse obligations of the Issuer*" and "*Risks related to Searches, Investigations and Warranties in relation to the Mortgage Loans*" below).

(b) *The Notes will be limited recourse obligations of the Issuer*

The Notes represent obligations of the Issuer, and do not constitute obligations or responsibilities of, or guarantees by, any other person or Transaction Party (other than the Issuer). If, and to the extent that, after the Charged Assets have been realised and the proceeds thereof have been applied in accordance with the applicable Priorities of Payments, the amounts recovered on realisation of the Charged Assets are insufficient to pay or discharge amounts due from the Issuer to the Noteholders in full for any reason, the amounts will cease to be due and payable by the Issuer.

(c) *The timing and amount of payments on the Mortgage Loans could be affected by various other factors which may adversely affect payments on the Notes*

The yield to maturity of the Notes of each Class will depend on, among other things, the extent and timing of payments of principal and interest (including full and partial prepayments, proceeds of disposal of Mortgage Loans, proceeds of enforcement of Mortgage Loans or repurchase by the Seller of any Mortgage Loans (including upon an unremedied breach of any Mortgage Loan Warranty or Product Switch Condition) and the price paid by the Noteholders for the Notes). Such yield may be adversely affected by a higher or lower than anticipated rate of prepayment on the Mortgage Loans.

The rate of prepayment of the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, inflation, cost of living, energy prices, local and regional economic conditions and

homeowner mobility. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Seller and in other cases the consent of the Seller), a Borrower may "overpay" or prepay principal at any time. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. Accelerated prepayments will generally lead to a reduction in the weighted average life of the Notes.

Generally, when market interest rates increase in relation to the rate of interest currently paid by a borrower, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease in relation to the rate of interest currently paid by a borrower, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated Early Repayment Charges) are generally more likely to prepay their mortgage loans. Borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action). In addition, should a Borrower elect, subject to the agreement of the Seller and the Servicer, to change the terms of their Mortgage Loan from (i) an Interest Only Mortgage Loan to a Repayment Mortgage Loan or Part and Part Mortgage Loan or (ii) a Part and Part Mortgage Loan to a Repayment Mortgage Loan, the Issuer would (subject to satisfaction of the Product Switch Conditions) receive principal payments in respect of the relevant Mortgage Loan earlier than would otherwise be anticipated.

If the Seller is required to repurchase a Mortgage Loan and its Related Security or make a payment in lieu of such repurchase because, for example, one of the Mortgage Loans does not comply with the Mortgage Loan Warranties and/or (in respect of Mortgage Loans which have been subject to Product Switches) the Product Switch Conditions, then the payment received by the Issuer will have the same effect as a prepayment of such Mortgage Loan. (For more information, see the section entitled "*The Mortgage Portfolio and the Mortgage Loans*").

Pursuant to the terms of the Deed Poll and the Portfolio Call Option granted therein, the Portfolio Call Option Holder may, subject to certain conditions, purchase all (but not some) of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio, at no less than the Portfolio Minimum Purchase Price. The Portfolio Call Option Holder may give notice of its exercise of such option no earlier than the Business Day immediately following the Interest Payment Date immediately preceding the Optional Redemption Date. Such purchase will be completed no later than the Interest Payment Date immediately following the date on which the notice is given. On and following the first Interest Payment Date immediately following the date on which the Portfolio Call Option has been exercised, the Issuer shall apply all funds available to it for such purposes pursuant to the provisions of the Post-Enforcement Priority of Payments. This may adversely affect the yield to maturity on the Notes as the exercise of the Portfolio Call Option is likely to lead to a reduction in the average weighted life of the Notes. See also the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Call Option or the Risk Retention Regulatory Change Option*".

Further, on any Interest Payment Date following the occurrence of a Risk Retention Regulatory Change Event, the Retention Holder (or its nominee) has the right (but not an obligation) pursuant to the Mortgage Sale Agreement to purchase the Mortgage Loans and their Related Security from the Issuer, and thereby effect a redemption of the Notes. The exercise of this right may adversely affect the yield to maturity on the Notes as it is likely to lead to a reduction in the average weighted life of the Notes. See also the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Call Option or the Risk Retention Regulatory Change Option*".

2. Risks Relating to the Underlying Assets

(a) Seller to initially retain legal title to the Mortgage Loans

Legal title to the Mortgage Loans and their related Mortgages will only be transferred to the Issuer in the limited circumstances described in the section entitled "*Assignment of the Mortgage Loans and Related Security*". Prior to the Issuer obtaining legal title to the Mortgage Loans, Mortgages and other Related Security, a *bona fide* purchaser from the Seller of any of such Mortgage Loans, Mortgages and other Related Security for value without notice of any of the interests of the Issuer or the Security Trustee might obtain a good title free of any such interest. However, the risk of third party claims obtaining priority to the interests of the Issuer or the Security Trustee in this way is likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, gross negligence or mistake on the part of the Seller or the Issuer or its personnel or agents. Further, the rights of the Issuer and the Security Trustee may be or become subject to the direct rights of the Borrowers against the Seller. Such rights may include the rights of set-off which arise in relation to transactions made between certain Borrowers and the Seller and the right of the relevant Borrowers to redeem their Mortgage Loans by repaying the relevant Mortgage Loan directly to the Seller. These rights may result in the Issuer receiving less monies than anticipated from the Mortgage Loans.

Until the Issuer obtains legal title to the Mortgage Loans, their related Mortgages and the Related Security, the sale of the English Mortgage Loans and their related Mortgages and Related Security will take effect in equity only. The sale by the Seller to the Issuer of the Scottish Mortgage Loans, their Mortgages and their Related Security will be given effect to by the Scottish declaration of trust by the Seller by which such Scottish Mortgage Loans, their Mortgages and their Related Security will be held on trust by the Seller for the benefit of the Issuer (the "**Scottish Declaration of Trust**"). The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales. The Issuer's interest in the Property held in trust may become subject to the interests of bona fide third-party purchasers who have perfected title to the relevant Property.

This means that in order for legal title to the Mortgages to be transferred to the Issuer, transfers, conveyances, assignments and assignations would have to be registered or recorded at His Majesty's Land Registry in England and Wales (the "**Land Registry**") or (as applicable, in relation to the Scottish Mortgages) at the General Register of Sasines or the Land Register of Scotland (together, the "**Registers of Scotland**") and notice would have to be given to Borrowers of the transfer or assignation of the Mortgage Loans.

Further, unless notice of the assignment or assignation was given to the Borrowers in respect of the Mortgage Loans and their Related Security, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the Seller under the relevant Mortgage Loan. These rights may result in the Issuer receiving reduced payments on the Mortgage Loans. The transfer of the benefit of any Mortgage Loans to the Issuer will continue to be subject to any prior rights any applicable Borrower may become entitled to after the transfer. Where notice of the assignment or assignation is given to any Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Mortgage Loan) may not arise after the date notice is given. For the purposes of this Prospectus, references herein to "set-off" shall be construed to include analogous rights in Scotland. For further information on the effects of set-off in relation to the Mortgage Portfolio, see "*Set-off may adversely affect the value of the Mortgage Portfolio or any part thereof*" below.

(b) *Set-off may adversely affect the value of the Mortgage Portfolio or any part thereof*

As described above, the sale by the Seller to the Issuer of the English Mortgage Loans and their Related Security will be given effect by an assignment. For the Scottish Mortgage Loans and their Related Security, the sale by the Seller to the Issuer of the Scottish Mortgage Loans and their Related Security will be given effect by the Scottish Declaration of Trust. As a result, legal title to the Mortgage Loans and their Related Security sold by the Seller to the Issuer will remain with the Seller until the occurrence of a Perfection Event. Therefore, the rights of the Issuer may be subject to certain set-off rights which the relevant Borrower has against the Seller.

The Borrowers may be entitled to exercise certain independent or equitable set-off rights against the Issuer. Subject to the paragraph below in relation to the crystallisation of Borrowers' rights of set-off following receipt of notice of assignment or assignation, independent set-off will arise in connection with transactions that are unconnected with the relevant Borrower's Mortgage Loan. Generally, an independent right of set-off could include, but is not limited to, claims by a Borrower for unpaid wages or pension liabilities (though the Seller will represent and warrant that the Borrowers are not employees of the Seller). An independent right of set-off could also arise where the legal title holder of the Mortgage Loans is a credit institution and the relevant Borrower holds an unconnected savings or deposit account with such legal title holder. However, the Seller is not a deposit-taking institution and is not authorised to hold client money as at the date of this Prospectus.

Equitable set-off rights may arise in connection with a transaction connected with a Mortgage Loan.

Once notice has been given to the Borrowers of the assignment or assignation of the Mortgage Loans and their Related Security to the Issuer, independent set-off rights which a Borrower has against the Seller will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. In relation to the Landbay Mortgage Loan, independent set-off rights against Landbay would have crystallised on notice of transfer to the Seller. Set-off rights arising under "*transaction set-off*" (being those set-off claims arising out of a transaction connected with the Mortgage Loan and referred to interchangeably with equitable set-off) will not be affected by that notice and will continue to exist.

The relevant Borrower may set off any claim for damages arising from the Originator's breach of contract or other requirements (for example, in respect of Regulated Mortgage Contracts, the breach of relevant regulatory requirements) against the Seller and the Issuer's (as equitable assignee of or holder of the beneficial interest in or beneficiary in respect of the Mortgage Loans and their Related Security) claim for payment of principal and/or

interest under the relevant Mortgage Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described above.

The amount of any such claim against the Seller for equitable set-off will, in many cases, be the cost to the Borrower of finding an alternative source of funds. In addition to the difference in the cost of borrowing, the relevant Borrower could also set off any direct losses arising from the Seller's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

If the Borrower is unable to find an alternative source of funds, he or she may have a claim in respect of other indirect losses arising from the Originator's or the Seller's breach of contract where there are special circumstances communicated by the Borrower to the Originator at the time the Borrower entered the Mortgage Loan, or which otherwise were reasonably foreseeable. A Borrower may also attempt to set off an amount greater than the amount of his or her damages claim against his or her mortgage payments. In that case, the Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment or (in Scotland) a decree is obtained.

The exercise of set-off rights by Borrowers may adversely affect the timing of receipt and ultimate amount received by the Issuer in respect of the relevant Mortgage Loans and the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes.

(c) *The value of the Related Security in respect of the Mortgage Loans may be affected by a decline in the residential property values in the United Kingdom*

If the residential property market in the United Kingdom generally or in a specific region thereof should experience an overall decline in property values (as has in some cases happened since the date of origination of the Mortgage Loans), such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Mortgage Loan on the Closing Date. In certain cases, the value of the property is expected to be lower at the Closing Date than at the date of origination (see the section entitled "*Characteristics of the Provisional Mortgage Portfolio*" for a breakdown of the LTV and Current LTV in the Provisional Mortgage Portfolio). Downturns in the performance of the United Kingdom economy (due to local, national and/or global macroeconomic factors) generally may have a negative effect on the housing market. In addition, any natural disasters, impacts of climate change (including, but not limited to, increased flood risk or coastal erosion), wars, increase of interest rates, inflation or widespread health crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises, and/or the fear of any such crises whether in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions in the United Kingdom and also globally and may reduce the value of the affected Properties. A fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by the Issuer where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. If the value of the Related Security backing the Mortgage Loans is reduced, this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Borrowers may have insufficient equity in their homes to refinance their Mortgage Loans with lenders other than the Seller and may (as a result of the circumstances described below in "*Counterparty Risks – Delinquencies or Default by Borrowers in paying amounts due on their Mortgage Loans*" or otherwise) have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to higher rates of delinquency, write-offs, enforcement and loss severities upon enforcement, which in turn may adversely affect payments on the Notes.

There is a risk that house price growth will accelerate faster than earnings, stretching affordability and leaving households more vulnerable to shocks, such as increases in interest rates that could ultimately lead to higher retail loan losses. Although house prices rose in both 2021 and 2022 following the end of the temporary stamp duty holiday in England declared on 8 July 2020 (with a reduced benefit in England applying from 1 July 2021 and the full benefit having ended on 30 September 2021), they have declined in the early part of 2023 and may decline further should the labour market situation deteriorate, if strains in the financial system re-emerge and impair the flow of credit to the wider economy or if other factors (including but not limited to the COVID-19 pandemic) cause a deterioration in economic conditions. This risk is particularly relevant to Interest Only Mortgage Loans.

(See the section entitled "*Risk of losses associated with Interest Only Mortgage Loans*" below for further detail). In Scotland, the housing market has had longer to adjust to the end of the Scottish land and buildings transaction tax ("**LBTT**") holiday which was declared on 15 July 2020 and came to an end on 31 March 2021. Potential Investors should also note that the UK housing market may be impacted now that the UK has ceased to be a Member State of the EU (as to which see "*Macroeconomic and market risks – The relationship of the United Kingdom with the EU may affect the market value and/or liquidity of the Notes in the secondary market*" below.)

(d) *Mortgage Loans may be subject to geographic concentration risks within certain regions of the United Kingdom*

To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. Government actions taken in response to a downturn may include cuts in public benefits or public sector employment, or other austerity measures that may directly affect Borrowers by reducing or eliminating their income, which could impact their ability to pay their debts. Private businesses may also reduce hiring or implement layoffs or reduce hours of work, which would potentially affect Borrowers. In addition, self-employed Borrowers may see a reduction in volume of work and/or income. Different geographic areas of the United Kingdom might be impacted differently by any economic downturn and by any government action taken in relation to it.

The Issuer can predict neither when nor where such regional economic declines may occur nor to what extent or for how long such conditions may continue. In addition, any natural disasters, impacts of climate change (including, but not limited to, increased flood risk or coastal erosion), wars or widespread health crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises, and/or the fear of any such crises whether in a particular region, in the United Kingdom or in any other jurisdiction, may lead to a deterioration of economic conditions in a particular region, within the United Kingdom and also globally and may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Loans in the Mortgage Portfolio, see "*Characteristics of the Provisional Mortgage Portfolio*".

(e) *Risks related to Searches, Investigations and Warranties in relation to the Mortgage Loans*

None of the Joint Arrangers, the Joint Lead Managers, the Co-Manager, the Issuer, the Note Trustee, the Security Trustee, the Cash Manager, the Issuer Account Bank nor any Agent has undertaken or will undertake any investigations, searches or other actions in respect of the Mortgage Loans and their Related Security and will rely instead on, *inter alia*, the warranties given by the Seller on the Closing Date in relation to the Mortgage Loans beneficially owned by it to the Issuer in the Mortgage Sale Agreement (the "**Mortgage Loan Warranties**"). Mortgage Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Mortgage Loan had such matters been revealed. As a result of such limited investigation, the Mortgage Loans in the Mortgage Portfolio may not demonstrate the characteristics that fully correspond to the Mortgage Loan Warranties, which may adversely affect payments due and payable under the relevant Mortgage Loans. The sole remedy provided for in the Mortgage Sale Agreement (subject to the relevant cure period as set out in the Mortgage Sale Agreement and save as described below) of the Issuer in respect of a breach of a Mortgage Loan Warranty in relation to a Mortgage Loan and/or a breach of a Product Switch Condition in relation to a Mortgage Loan which has been subject to a Product Switch, shall be the requirement that the Seller repurchases any Mortgage Loan which is the subject of the breach from the Issuer for a prescribed repurchase price, **provided that** this shall not limit any other remedies available to the Issuer if the Seller fails to repurchase a Mortgage Loan when obliged to do so.

There can be no assurance that the Seller will honour or have the financial resources to honour such repurchase obligations under the Mortgage Sale Agreement and pay the Issuer the relevant repurchase price at the relevant time. Such obligations are not guaranteed by nor will they be the responsibility of any person other than the Seller and neither the Issuer, the Note Trustee nor the Security Trustee nor any other Secured Creditor will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such repurchase obligations and pay the Issuer the relevant repurchase price. Furthermore, although the Seller and the Servicer have undertaken,

pursuant to the Mortgage Sale Agreement and the Servicing Agreement, to notify the Issuer (and, if applicable, the Servicer) upon becoming aware of a breach of any Mortgage Loan Warranty and/or a breach of any Product Switch Condition, there is no ongoing obligation on the Seller, the Servicer or any other Transaction Party to monitor compliance of the Mortgage Loans with the Mortgage Loan Warranties and (with respect to Mortgage Loans that are subject to Product Switches) the Product Switch Conditions following the Closing Date. This may affect the quality of the Mortgage Loans and their Related Security in the Mortgage Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

(f) Product Switches

The Seller (or the Servicer on behalf of the Seller) may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch. Any Mortgage Loan which has been subject to a Product Switch will remain in the Mortgage Portfolio, provided that it satisfies the Product Switch Conditions as at the Testing Date for such Mortgage Loan. If it is subsequently determined by the Servicer on such Testing Date that any of the Product Switch Conditions have not been met in respect of such Mortgage Loan (and the Seller has not repurchased such Mortgage Loan prior to the Testing Date), then the Seller will have an obligation to remedy such breach or if such breach is not capable of remedy, or, if capable of remedy, is not remedied within the required period, the Seller has an obligation to repurchase such Mortgage Loan and its Related Security. See further "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*".

There can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement.

The number of Product Switch requests received by the Seller and/or the Servicer may affect both the timing of principal amounts received by the Issuer from the Borrowers.

(g) Risk of losses associated with Interest Only Mortgage Loans

As of the Cut-Off Date, approximately 96.73 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans constitute Interest Only Mortgage Loans. Interest Only Mortgage Loans are originated with a requirement that the Borrower pays scheduled interest payments only and, as such, there is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan, the Borrower will be required to make a bullet payment that will represent the entirety of the Current Balance of the relevant Mortgage Loan if such Borrower has not previously redeemed the relevant Mortgage Loan in full or in part. The ability of such Borrower to repay an Interest Only Mortgage Loan or a Part and Part Mortgage Loan at maturity frequently depends on such Borrower's ability to sell or refinance the Property or to obtain funds from another source such as pension policies, personal equity plans or endowment policies (the "**Policies**"). The Seller has neither required, nor has it required that Landbay (with respect to the Landbay Mortgage Loan) represent that it required, that such Policies be established with respect to any Interest Only Mortgage Loans nor has the Seller required that the benefit of any such Policies be assigned to it. The only security that exists will therefore be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors as further described below. In recent times, mortgage lenders have maintained stricter conditions to the advancing of mortgage loans. The inability of Borrowers to sell their respective Properties or refinance their respective Mortgage Loans may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes.

Borrowers of Interest Only Mortgage Loans who have taken out the relevant Policies may also not make payment of the premiums due on any Policies taken out in relation to repayment of the relevant interest only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under its Mortgage Loan. Therefore, the ability of such a Borrower to repay an Interest Only Mortgage Loan or a Part and Part Mortgage Loan at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source, such as any Policies, as well as the value of the Property, the Borrower's equity in the Property, its financial condition, and the age, health and employment status of the Borrower (and in particular whether such Borrower is retired, self-employed or unemployed at the time of maturity of such Interest Only Mortgage Loan, which could affect such Borrower's ability to redeem or refinance an Interest Only Mortgage Loan or to continue making repayments under such Mortgage Loan), as well as tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest Only Mortgage Loan or a Part and Part Mortgage Loan and a loss occurs, this may affect repayments on the Notes if the resulting Principal

Deficiency Ledger entry cannot be cured from Available Revenue Receipts being applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.

As a result of UK Government attention, borrowers with interest-only loans which are mortgages have been encouraged to switch to a repayment loan, whereby the principal of the loan is repaid over its term. Should a Borrower elect, subject to the consent of the Seller and the Servicer, to amend the terms of its Mortgage Loan from an Interest Only Mortgage Loan to a Repayment Mortgage Loan or a Part and Part Mortgage Loan, the relevant Mortgage Loan would remain with the Issuer as part of the Mortgage Portfolio, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Mortgage Loan and the relevant Notes respectively, earlier than would otherwise have been the case. On 30 January 2018, the FCA published its Thematic Review (TR18/1) on the fair treatment of existing interest only-mortgage customers. The FCA found that all lenders in the sample had made progress in this area and the potential harm to customers caused by non-payment at maturity was reduced. The FCA is continuing to monitor risks in this area. See further "*Risks relating to the availability of funds to pay the Notes – The timing and amount of payments on the Mortgage Loans could be affected by various other factors which may adversely affect payments on the Notes*" above.

(h) Particular Risks Associated with Buy-to-Let Mortgage Loans

The Mortgage Loans are non-owner occupied residential loans intended to be taken out by a Borrower in relation to the purchase or re-mortgage of a property for letting purposes (a "**Buy-to-Let Mortgage Loan**"). It should be noted that the majority of Buy-to-Let Mortgage Loans in the United Kingdom are interest only.

In relation to Buy-to-Let Mortgage Loans, the Borrower's ability to service such Mortgage Loans is likely to depend on the Borrower's ability to lease the relevant Properties on appropriate terms. The relevant Lending Criteria in respect of the Buy-to-Let Mortgage Loans at the point of origination required that the relevant tenancy was an assured shorthold tenancy or short-term tenancy (in England and Wales) or a short assured or private residential tenancy (in Scotland). However, no assurance can be given that such requirements were actually adhered to by the relevant Borrower and the existence of or type of tenancy arrangements entered into by Borrowers of Buy-to-Let Mortgage Loans has not been verified. Therefore, there can be no assurance that each such Property will be the subject of an existing tenancy when the relevant Mortgage Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage Loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations or capital repayments in respect of the Mortgage Loan and that any of these factors would not have an adverse effect on the ability of the Issuer to make repayments on the Notes. There can be no assurance that, in the event of a material downturn in the private rental market, the ability to make repayments on the Mortgage Loans would not be adversely affected and as a consequence, the ability of the Issuer to make repayments under the Notes would not be adversely affected. Such a downturn could be precipitated by a range of factors, which may include (but are not limited to) an expansion of owner-occupied lending should credit conditions loosen and/or legislative changes affecting the sector, such as the introduction of rental caps or the regulation of the market or parts thereof.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Servicer may not be able to obtain, or may have difficulties in obtaining, vacant possession of the Property, for reasons including because the relevant tenancy may not be an assured shorthold tenancy or (as applicable) a short assured or private residential tenancy ("**PRT**") or, even if it is a PRT in Scotland, because PRT tenants in Scotland have been afforded ever-greater statutory protections in recent years including all PRT grounds of eviction now being discretionary (i.e. the First-tier Tribunal will only grant a PRT eviction order if the landlord has followed the correct processes under the specific eviction grounds as set out in The Private Housing (Tenancies) (Scotland) Act 2016 (as amended) and the First-tier Tribunal (at its discretion) is satisfied it is reasonable in all the circumstances to evict the tenant). In such cases, the Servicer will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which the Servicer could realise upon enforcement of the Mortgage and the sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the Mortgage Loan. However, enforcement procedures in relation to such Mortgages (in England and Wales) include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Mortgage Loan. Under Scots law, a receiver cannot be appointed under a standard security (the Scottish equivalent to a legal mortgage) and the only enforcement which may be carried out under a standard security is a full enforcement of the security (i.e. it cannot be enforced selectively by, for instance, attaching to rental income). Accordingly, in Scotland, any attempt to secure the rental flows will depend upon the enforcement of the standard security.

The Coronavirus (Recovery and Reform) (Scotland) Act 2022 makes permanent certain changes made during the COVID-19 pandemic by the Coronavirus (Scotland) Act 2020. The Coronavirus (Scotland) Act 2020 amended the Private Housing (Tenancies) (Scotland) Act 2016 such that various mandatory grounds for eviction, including the landlord's intention to sell the property, are now discretionary, to allow the First-tier Tribunal flexibility in dealing with eviction cases. The minimum notice period is 28 days in certain circumstances, including where the tenant no longer occupies the property, but otherwise the notice period is 84 days and from time to time the Scottish Government have introduced temporary bans on evictions and extended notice periods for some grounds of eviction (for example, during COVID and the cost of living crisis) and reserves the right to do so again. The First-tier Tribunal expect the landlord to have followed all the prescribed statutory processes and notice periods before the First-tier Tribunal will consider the application for eviction. In addition, in assessing whether it is reasonable to make an eviction order on the grounds of rent arrears, the First-tier Tribunal must consider the extent to which the landlord has complied with pre-action requirements before applying for the eviction order. There are similar provisions for assured and other tenancies. Delays to landlords seeking possession of a Property may result in less rental income being available to meet the Borrower's repayment obligations in respect of the Mortgage Loans.

Since April 2017 the UK Government has implemented a phased restriction on the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest). With effect from 6 April 2020 there is no deduction available for finance costs from rental income and instead all rental income is only eligible for a tax credit at the basic rate of income tax.

In addition, the UK Government has devolved to the Scottish Parliament additional legislative powers previously reserved to the UK Parliament under the Scotland Act 2016 which came into force on 23 March 2016 and which devolves, amongst other things, control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Since 6 April 2018, the rates and thresholds for income tax that apply to the non-savings and non-dividend income of Scottish taxpayers have, for the first time, differed from those applied throughout the rest of the UK. At that time, the basic rate of tax was split into three tiers (a starter rate, a basic rate and an intermediate rate). The higher and top rates of tax have also both increased, most recently in April 2023 to 42% and 47% respectively. The changes mean that certain taxpayers in Scotland pay a higher level of tax than borrowers in the same income bracket in England and Wales. This may affect some Borrowers' ability to pay amounts when due on the Mortgage Loans originated in Scotland which, in turn, may adversely affect the ability of the Issuer to make payments under the Notes.

From 1 April 2016, a higher rate of stamp duty land tax ("**SDLT**"), LBTT in Scotland and, from 1 April 2018, Welsh land transaction tax ("**WLTT**") has applied to the purchase of additional residential properties located in England and Wales and Scotland (such as buy-to-let properties). The current additional rates are as follows: three per cent. above the current SDLT rates with respect to properties located in England. In relation to properties located in Wales, the additional residential rate is four per cent higher than the main WLTT rate for the first £180,000 of purchase price; for subsequent bands of purchase price, the additional rates remain higher than the main WLTT rates (by differing percentages) and the bands of purchase price to which the additional rates are applied are structured differently to the main WLTT bands. In Scotland the additional dwelling supplement (akin to the additional rate) is four per cent. above the current LBTT rates (for properties purchased prior to 16 December 2022) and six per cent. above the current LBTT rates (for properties purchased on or after 16 December 2022) where the property is valued at £40,000 or more.

From 1 April 2021, a two per cent. SDLT surcharge applies to non-UK residents purchasing residential property in England. This applies in addition to the three per cent. additional rate that applies to the purchase of additional residential properties in England described above.

In addition, a different (and higher) rate of capital gains tax ("**CGT**") applies in respect of a gain realised by an individual on the disposal of a residential property which is not the taxpayer's principal private residence (e.g. a second home or a buy-to-let property) than the rate of CGT that applies in respect of taxable gains realised on the disposal of other assets. These measures may adversely affect the private residential rental market in England and Wales or in Scotland in general, or (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy-to-Let Mortgage Loans to meet their obligations under those Mortgage Loans.

Investors should note the UK Government introduced the Renters (Reform) Bill to the UK Parliament on 17 May 2023. This proposes certain changes to housing laws as they relate to the private rental sector, including a proposal to abolish "no fault" evictions by landlords. As at the date of this Prospectus the impact of the proposed legislation

is uncertain but may adversely affect the private residential rental market in England and Wales and the ability of individual borrowers of buy-to-let loans to meet their obligations under those loans.

Any of the above may lead to the reduction of amounts available to the Issuer and, ultimately, affect its ability to make payments under the Notes.

(i) Risk of mismatch of the Floating Mortgage Rate and Rate of Interest on the Notes

The Mortgage Loans comprising the Mortgage Portfolio are Fixed Rate Mortgage Loans and have interest rates which are subject to change over the course of the life of such Mortgage Loans. Such rates are fixed for an initial period of up to five years and three months from the date of a Mortgage Loan origination and following such date are set by reference to (i) the Bank of England Base Rate ("**BBR**"); or (ii) a fixed rate of interest for a certain period which will revert into rates set by reference to BBR (such variable interest rate, the "**Floating Mortgage Rate**"). However, the Issuer's liabilities under the Notes are based on the Compounded Daily SONIA for the relevant period as determined on the relevant Interest Determination Date. This could cause a risk of mismatch of interest payable on the Mortgage Loans and Rate of Interest payable on the Notes which may, in turn, lead to reduced payments on the Collateralised Rated Notes.

The Issuer has not entered into any other interest rate swap or other hedging transactions in relation to the Mortgage Loans other than Fixed Rate Mortgage Loans, and as a result there is no hedge in respect of the risk of the Floating Mortgage Rate referable to BBR charged on any Mortgage Loans in the Mortgage Portfolio and interest set on the Collateralised Rated Notes by reference to the SONIA Reference Rate which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Secured Creditors. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of such Mortgage Loans which will be calculated by reference to BBR and the rate of interest payable in respect of the Notes which will be based on Compounded Daily SONIA. Investors should therefore note that the Issuer is exposed to the risk that the interest received on the Mortgage Loans being not sufficient to pay the interest on the Collateralised Rated Notes. See further "*Counterparty Risks – Interest Rate Risk*" and "*Macroeconomic and market risks – Changes or uncertainty in respect of SONIA may affect the value or payment of interest under the Mortgage Loans or the Notes*" below.

(j) Lending Criteria

The Mortgage Loans have been or will be underwritten generally in accordance with the underwriting standards described in the section entitled "*The Mortgage Portfolio and the Mortgage Loans*". Those underwriting standards consider, among other things, a borrower's credit history, status, repayment ability, as well as the value of the property and the value of the rental stream.

While each Mortgage Loan was originated by the Seller pursuant to the underwriting standards that are no less stringent than those that the Seller applied at the time of origination to similar exposures that are not securitised, there can also be no assurance that these underwriting standards were applied in all cases or that Mortgage Loans originated under different criteria have not been included in the Mortgage Portfolio.

(k) Realisation of Charged Assets and Liquidity Risk

The ability of the Issuer to redeem all the Notes in full and to pay amounts to the Noteholders including after the occurrence of an Event of Default, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Notes. There is not at present an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Mortgage Loans. It may not, therefore, be possible for the Issuer or, as the case may be, the Security Trustee or a Receiver to sell the Mortgage Loans on appropriate terms should such a course of action be required.

(l) Claims against third parties

The Seller has assigned its causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement, to the extent that they are assignable. However the Seller was not the Initial Lender of Record of the Landbay Mortgage Loan, and the said rights may therefore not have been effectually assigned to it by Landbay. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for Landbay in relation to the origination of the Landbay Mortgage Loan, may have been negligent or fraudulent. However, and notwithstanding the absence of any such direct rights, the Seller has undertaken, where appropriate, to either instigate action against such solicitor or valuer or to request that Landbay takes such action, as applicable **provided that** the Issuer first indemnifies the Seller for the costs of taking such action, and subject to any

limitations or conditions contained in the relevant documentation under which the Seller acquired title to the related Mortgage Loan.

(m) *Mortgage Loans are subject to certain legal and regulatory risks*

The Mortgage Loans are subject to certain risks relating to the law and regulation of mortgages in the United Kingdom. No assurance can be given that additional legislative and/or regulatory changes (by any legislative body, the FCA or any other regulatory authority) will not arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments may have a material adverse effect on the Seller, the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due. Further detail on certain considerations in relation to the regulation of mortgages in the UK is set out in the section headed "*Information Relating to the Regulation of Mortgages in the UK*" and certain specific risks are set out below:

Regulation of buy-to-let mortgage loans. The Seller believes that the Mortgage Loans in the Portfolio are unregulated buy-to-let loans and the Seller has given a warranty in the Mortgage Sale Agreement that no agreement for any Mortgage Loan is in whole or in part a regulated agreement or regulated credit agreement (as defined in Section 8 of the CCA and Chapter 14A of Part 2 of the Regulated Activities Order, respectively), and a further warranty that no Mortgage Loan is or has ever been a Regulated Mortgage Contract as defined by Article 61(3)(a) of the Regulated Activities Order. If any of the Mortgage Loans are in fact Regulated Mortgage Contracts or regulated by the CCA, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Mortgage Loans, interest payable under the Mortgage Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Mortgage Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Regulation of buy-to-let mortgage loans*".

Unfair Relationships. If a court determines that there was an unfair relationship between the lender and borrowers in respect of any of the Mortgage Loans and orders that financial redress is made in respect of such Mortgage Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans, and the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Consumer buy-to-let loans*".

Distance Marketing. The Financial Services (Distance Marketing) Regulations 2004 allow, in certain specified circumstances, a borrower to cancel a credit agreement it has entered into with lenders. If a significant portion of the Mortgage Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of the Mortgage Loans, affecting the Issuer's ability to make payments in full on the Notes when due. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Financial Services (Distance Marketing) Regulations 2004*".

UTCCR and CRA. The UTCCR and CRA provide that a consumer may, in certain circumstances, challenge a term in an agreement on the basis that it is unfair. The extremely broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the UTCCR and/or the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Mortgage Loans entered into between 1 July 1995 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes, including by way of non-recovery of a Mortgage Loan by the Seller or the Issuer, a claim made by the Borrower, or the exercise by the Borrower of a right of set-off arising as a result of a term of a loan being found to be unfair (and therefore not binding on the consumer).

If any term of the Mortgage Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. No assurance can be given that any such changes in guidance on the UTCCR and the CRA, or reform of the UTCCR and the CRA, will not affect the Mortgage Loans and will not have a material adverse effect on the Issuer's ability to make

payments on the Notes. Further detail in relation to both the UTCCR and the CRA is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and Consumer Rights Act 2015*".

Consumer Protection from Unfair Trading Regulations 2008. The CPUTR prohibits certain practices which are deemed unfair within the terms of the CPUTR. Breach of the CPUTR may lead to sanction and/or liability for misrepresentation or breach of contract in relation to the underlying credit agreements, which may result in irrecoverable losses on amounts to which such agreements apply. No assurance can be given that the CPUTRs will not adversely affect the ability of the Issuer to make payments to Noteholders. Further detail in relation to the CPUTR is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Consumer Protection from Unfair Trading Regulations 2008*".

Mortgage repossessions. The Mortgage Repossessions (Protection of Tenants etc) Act 2010 and the Home Owner and Debtor Protection (Scotland) Act 2010 and the Private Housing (Tenancies) (Scotland) Act 2016 (as amended) and emergency or temporary legislation introduced from time to time (such as has been the case in Scotland during COVID and the cost of living crisis) may have an adverse effect in relation to the ability of the Seller to repossess properties in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the Issuer to make payments to Noteholders. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Repossessions Policy*" and "*Information Relating to the Regulation of Mortgages in the UK – The Renting Homes (Wales) Act 2016*".

Financial Ombudsman Service. Under the Financial Services and Markets Act 2000, as amended by the Financial Services and Markets Act 2023 (the "**FSMA**"), the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Financial Ombudsman Service*".

Breathing Space Regulations. The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into force on 4 May 2021 (the "**Breathing Space Regulations**"). The Breathing Space Regulations give eligible individuals in England and Wales the ability to apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue, or enforce a debt owed by the applicant. The Breathing Space Regulations do not apply to mortgages, except arrears which are uncapitalised at the date of the application for a breathing space under the Breathing Space Regulations. Eligible individuals in Scotland have similar protections under the Bankruptcy (Scotland) Act 2016 although the moratorium period is six months and does not make any accommodation for mental health crisis. There is a risk that delays in the initiation of enforcement action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the Issuer to meet its obligations under the Notes. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Breathing Space Regulations*".

Assured Shorthold Tenancy (AST). Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy ("**AT**") or Assured Shorthold Tenancy ("**AST**") under the Housing Act 1988 ("**HA 1988**"). There is a risk that in certain circumstances, where a long lease is also an AT/AST due to the level of the ground rent, the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the realisable value of the Mortgage Portfolio, and/or the ability of the Issuer to make payments in full on the Notes when due. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Assured Shorthold Tenancy*".

The Renting Homes Act. The Renting Homes (Wales) Act 2016 (the "**Renting Homes Act**") received royal assent on 18 January 2016 and fully entered into force on 1 December 2022. The Renting Homes Act converts the majority of existing residential tenancies in Wales into an occupation contract' with retrospective effect. The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the Housing Act 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession. The Renting Homes Act may result in lower recoveries in relation to buy-to-let mortgage loans over Properties in Wales and may affect the ability of the Issuer to make payments under the Notes. Further detail

is included in the section headed ""*Information Relating to the Regulation of Mortgages in the UK – The Renting Homes (Wales) Act 2016*".

FCA response to the cost of living crisis. On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loan. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – FCA response to the cost of living crisis*".

Other Changes to Mortgage Regulation. Guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any changes in legislation, guidance or case law as it relates to the Portfolio will not have a material adverse effect on the Originator, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments on the Notes. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Other Changes to Mortgage Regulation*".

3. Risks relating to the structure

(a) *Deferral of interest payments on the Notes*

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Notes (other than the Most Senior Class of Notes) after having paid or provided for items of higher priority in accordance with the relevant Priorities of Payments or by means of Liquidity Reserve Drawings, then such amounts of interest shall not be due and payable on that Interest Payment Date and the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) in respect of the Notes (other than the Most Senior Class of Notes) until the next Interest Payment Date. Such deferral shall not constitute an Event of Default or Potential Event of Default until the Final Maturity Date and such amounts would only become due and payable on the Final Maturity Date. As such, the Note Trustee and the Security Trustee will not be able to accelerate the Notes until after the Final Maturity Date (subject to the grace periods thereunder) or such earlier date on which the Notes are redeemed in accordance with the Conditions, and prior to such date will not be able to take any action to enforce the Security or effect a sale or disposal of the Issuer's beneficial interest in the Mortgage Loans and Related Security in respect of a failure by the Issuer to pay such amounts until the Final Maturity Date (subject to the grace periods thereunder) or such earlier date.

For the avoidance of doubt, failure to pay interest or amounts due in respect of the Most Senior Class of Notes shall constitute an Event of Default under the Notes and the Residual Certificates which may result in the Note Trustee or the Security Trustee (as the case may be) enforcing the provisions of the Notes, the Residual Certificates or the Trust Deed, or the Deed of Charge (as applicable), or enforcing the Security.

(b) *Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class Z Notes and the RC2 Residual Certificates*

Pursuant to the Priorities of Payments, certain junior Classes of Notes are subordinated in right of payment of principal and interest to more senior Classes of Notes.

The Class A Notes will rank senior to the other Classes of Notes and *pro rata* and *pari passu* without preference or priority among themselves at all times as to payments of interest and principal, as provided in the Conditions and the Transaction Documents.

The Class B Notes will rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class C Notes will rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in the Conditions and the Transaction Documents.

The Class D Notes will rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents.

The Class Z Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to all payments due in respect of the Collateralised Rated Notes, as provided in the Conditions and the Transaction Documents.

The RC2 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC2 Payments at all times, and are subordinate to all payments due in respect of the Notes, as provided in the terms and conditions of the Residual Certificates (the "**Residual Certificates Conditions**") and the Transaction Documents. No payments will be due in respect of the RC1 Residual Certificates.

In addition to the above, payments on the Notes and the Residual Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, among others, the Note Trustee, the Security Trustee, the Issuer Account Bank, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Cash Manager, the Principal Paying Agent, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Fees*".

To the extent that the Issuer does not have sufficient funds to satisfy its obligations to all its creditors, the holders of the lower ranking Notes and the RC2 Residual Certificates will be the first to see their claims against the Issuer unfulfilled. However, there is no assurance that these subordination provisions will protect the holders of the more senior Classes of Notes (including the Most Senior Class of Notes) from all or any risk of loss.

The priority of the Notes and the Residual Certificates are further set out in "*Cashflows and Cash Management – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Cashflows and Cash Management – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows and Cash Management – Distributions following the service of an Enforcement Notice on the Issuer*".

(c) No additional sources of funds after Optional Redemption Date

As of the Optional Redemption Date, the margin applicable to the Collateralised Rated Notes will be increased. There will, however, be no additional receipts or other sources of funds available to the Issuer as of the Optional Redemption Date, nor is it expected that any of the sources of income available to the Issuer prior to the Optional Redemption Date will be increased.

4. Risks relating to the changes to the structure and the documents

(a) Meetings of Noteholders and Certificateholders, Modification and Waivers

The Conditions and the Residual Certificates Conditions contain provisions for calling meetings of Noteholders and Certificateholders to consider matters affecting their interests generally. These provisions permit decisions of defined majorities to bind all Noteholders and Certificateholders (including Noteholders and Certificateholders who did not attend and vote at the relevant meeting and Noteholders and Certificateholders who voted in a manner contrary to the requisite majority for such vote).

The Conditions also provide that the Note Trustee may, and may direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to receipt of the written consent from any of the Secured Creditors party to the Transaction Documents being modified (and in respect of any modification in connection with the Deed Poll and the Portfolio Call Option granted therein with the written consent of the Portfolio Call Option Holder), to concur with the Issuer in making: (a) other than in the case of a Basic Terms Modification, any modification of, or the waiver or authorisation of, any actual breach (including an Event of Default or Potential Event of Default) or proposed breach of, the Conditions, the Residual Certificates Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders and the interests of the Certificateholders; or (b) any modification which, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error.

The Conditions and Residual Certificates Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms

Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant Class or Classes of Notes and/or the Residual Certificates then in issue, as applicable, but only in each case as are affected by such Basic Terms Modifications.

Further, the Note Trustee may be obliged and/or obliged to direct the Security Trustee, in certain circumstances, to agree to amendments to the Conditions and/or the Transaction Documents for the purpose of enabling the Issuer or any other Transaction Party to: (i) comply with any change in the criteria of one or more Rating Agencies; (ii) comply with any obligation which applies to such party under the UK Securitisation Regulation or the EU Securitisation Regulation, including as a result of the adoption of any secondary legislation or official guidance in relation to the UK Securitisation Regulation or the EU Securitisation Regulation or regulations or official guidance in relation thereto (including, without limitation, the appointment of a third party pursuant to the Servicing Agreement and/or the Cash Management Agreement to assist with the Issuer's reporting obligations pursuant to the UK Securitisation Regulation); (iii) comply with FATCA; (iv) comply with any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) as amended by Regulation (EU) No 2019/834 (and as further amended from time to time) ("**EU EMIR**") and/or Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) as amended by Regulation (EU) No 2019/834 (and as further amended from time to time) as it forms part of domestic law of the United Kingdom by virtue of the EUWA ("**UK EMIR**") or any other obligation which applies to it under EU EMIR and/or UK EMIR; or (v) change the base rate in respect of the Notes from SONIA to an alternative base rate and make such other amendments as are necessary or advisable in the reasonable commercial judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**") (each, a "**Proposed Amendment**"), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Condition 13.6.

In relation to any such Proposed Amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "**Company Filings**" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes is passed in favour of such modification in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of: (i) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or the Conditions.

There is no guarantee that any changes made to the Transaction Documents, the Conditions and/or the Residual Certificates Conditions pursuant to the obligations imposed on the Note Trustee and the Security Trustee, as described above, would not be prejudicial to the Noteholders or Certificateholders and when implementing any such modification (subject to the provisions relating to Basic Terms Modifications) the Note Trustee shall not consider the interests of the Noteholders or the Certificateholders and shall act and rely solely, and without enquiry or liability on any certificate or providence provided to it by the Issuer and shall not be liable to the Noteholders or the Certificateholders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

(b) Conflict between Noteholders

The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of all Classes of Noteholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise). The Deed of Charge contains provisions requiring the Security Trustee (subject to being indemnified and/or secured and/or prefunded) to act on the instructions of the Note Trustee.

If, in the Note Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes, on the one hand, and the interests of the holders of one or more Classes of Notes, on the other hand, then the Note Trustee is required to have regard only to the interests of the holders of the Most Senior Class of Notes.

As a result, holders of Notes other than the Most Senior Class of Notes may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee exercises discretion.

In addition, prospective investors should note that the Trust Deed provides that no Extraordinary Resolution of the holders of a Class of Notes, other than the holders of the Most Senior Class of Notes, shall take effect for any purpose while the Most Senior Class of Notes remains outstanding, unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of Most Senior Class of Notes, or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes.

Further, the Trust Deed further provides that no Extraordinary Resolution of the holders of a Class or Classes of Notes or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each Class of Notes then outstanding and the holders of the Residual Certificates then in issue, but only in each case as are affected by such Basic Terms Modification.

Prospective investors should note that the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may purchase some or all of any of the Notes (in addition to the share of each Class of Notes to be acquired by the Retention Holder on the Closing Date) and/or the Residual Certificates, and in doing so, will not be prevented from being entitled to attend meetings of the Noteholders and/or the Certificateholders or vote at Noteholder and/or Certificateholder meetings or by way of Written Resolution (as applicable). The interests of the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may conflict generally with that of the other Noteholders and/or Certificateholders, and the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder are not required to vote in any particular manner.

It is noted that an affiliate of the Seller will on the Closing Date purchase 95 per cent. of the Class C Notes.

(c) Conflict between Noteholders, Certificateholders and other Secured Creditors

So long as any of the Notes are outstanding and without prejudice to any consent required of any Secured Creditor pursuant to the Transaction Documents, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed and Conditions 13.5, 13.6 and 13.7 and Residual Certificates Condition 12.5.

In respect of the interests of the Certificateholders, the Trust Deed contains provisions requiring the Note Trustee, except where expressly specified otherwise, not to have regard to the interests of the Certificateholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee, and requiring the Note Trustee to, except where expressly provided otherwise, have regard only to the interests of the Noteholders for so long as there are any Notes outstanding.

(d) The Note Trustee and the Security Trustee are not obliged to act in certain circumstances

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes (or if no Notes remain outstanding, 25 per cent. in number of the RC2 Residual Certificates (or, solely in relation to the Portfolio Call Option, holders of at least 25 per cent. in number of the RC1 Residual Certificates) then in issue) or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (or if no Notes remain outstanding, 25 per cent. in number of the RC2 Residual Certificates (or, solely in relation to the Portfolio Call Option, holders of at least 25 per cent. in number of the RC1 Residual Certificates)

then in issue) shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), deliver an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

The Note Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit, or direct the Security Trustee to take such proceedings, actions and/or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including the Conditions and the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*)) unless it shall have been directed to do so by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes (or if no Notes remain outstanding, 25 per cent. in number of the RC2 Residual Certificates then in issue) or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (or if no Notes remain outstanding, of the RC2 Residual Certificates then in issue) and, in all cases, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

See further Condition 12 (*Enforcement*) and Residual Certificates Condition 11 (*Enforcement*).

In addition, each of the Note Trustee and the Security Trustee benefit from indemnities given to them by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal on the Notes.

In relation to the undertakings to be given by the Retention Holder in, *inter alia*, the Mortgage Sale Agreement in accordance with the UK Securitisation Regulation and the EU Securitisation Regulation regarding the material net economic interest to be retained by the Retention Holder in the securitisation and certain requirements as to providing investor information in connection therewith, the Note Trustee will not be under any obligation to monitor the compliance by the Retention Holder with such undertakings and will not be under any obligation to take any action (or to procure that the Security Trustee takes any action) in relation to non-compliance with such undertakings unless and until the Note Trustee has received actual written notice of the same from any party to any Transaction Document (a "**Transaction Party**"), in which event the only obligation of the Note Trustee shall be to notify the Issuer (who shall notify the Noteholders and the other Secured Creditors of the same) and, subject to the Note Trustee being indemnified and/or secured and/or prefunded to its satisfaction, to take such further action as it is directed to take in connection with such non-compliance by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

5. Counterparty Risks

(a) *The Issuer is reliant on third parties in order to meet their obligations under the Notes*

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Cash Manager under the Cash Management Agreement, the Issuer Account Bank under the Issuer Account Bank Agreement, the Principal Paying Agent, the Agent Bank and the Registrar under the Agency Agreement and the Corporate Services Provider under the Corporate Services Agreement have all agreed to provide services with respect to the Notes and the Residual Certificates. If any of the above parties: (i) were to fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics, pandemics and natural disasters); or (ii) were to resign from their appointment; or (iii) if their appointment under the agreements to which they are a party were to be terminated in accordance with the terms of the Transaction Documents (in each case, without being replaced by a suitable replacement party that is able to perform such services, and where applicable has at least the minimum required ratings and holds the required licences); or (iv) in the event of the insolvency of the Collection Account Bank, Global Collection Account Bank or Issuer Account Bank, the collections on the Mortgage Portfolio or the payments to the Noteholders and the Certificateholders may be disrupted or otherwise adversely affected, which, in turn, may negatively impact the value of the Notes and the ultimate return on the Notes.

(b) *If the Servicer is removed, there is no guarantee that a substitute Servicer would be found, which could delay collection of payments on the Mortgage Loans and ultimately could adversely affect payments on the Notes*

If the appointment of the Servicer is terminated under the Servicing Agreement, it would be necessary for the Issuer (with the consent of the Security Trustee) to appoint a Replacement Servicer with experience of servicing residential property mortgage loans in the United Kingdom, **provided that** such appointment is on substantially the same terms as those set out in the Servicing Agreement and the then current ratings of the Notes are not adversely affected thereby. The ability of a Replacement Servicer to fully perform the required services on such terms would depend on the information, software and records available at the time of the relevant appointment.

The Servicer has the ability under the Servicing Agreement to sub-contract its obligations. Notwithstanding any such sub-contracting to any party or delegation of the performance of any of its obligations under the Servicing Agreement, the Servicer will remain responsible for the performance of such obligations under the Servicing Agreement.

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

(c) *Insolvency of the Seller*

In the event a liquidator or administrator were to be appointed in respect of the business and property of the Seller in the United Kingdom, a trust over the legal estate and title to the Mortgage Loans and their Related Security held by the Seller for the benefit of the Issuer will be validly constituted pursuant to the terms of the Mortgage Sale Agreement and the combined effect of the Mortgage Sale Agreement and the Scottish Declaration of Trust will be to remove the Mortgage Loans and their Related Security from the property of the Seller available to a liquidator or administrator of the Seller for distribution to the general creditors of the Seller. The Mortgage Sale Agreement and the portfolio listing scheduled to the Scottish Declaration of Trust details the Mortgage Loans and distinguishes them and their Related Security in all cases from other rights retained by the Seller so that the trust property satisfies the requirement that it be clearly identifiable. There can be no assurance, however, that a court would reach the same conclusions. It is possible that a liquidator or administrator appointed in relation to the business and property of the Seller may commence proceedings to challenge the validity and effectiveness of the trust constituted under the Mortgage Sale Agreement and the Scottish Declaration of Trust for the purposes of including the beneficial interest in the Mortgage Loans and their Related Security in the property and estate of the Seller. If proceedings were commenced against the Issuer or in relation to trusts constituted under the Mortgage Sale Agreement and the Scottish Declaration of Trust, delays in distributions on the Notes, possible reductions in the amount of payments of principal and interest on the Notes and limitations on the exercise of remedies under the Transaction Documents could occur.

The Seller currently receives collections which are paid other than by way of direct debit into the Global Collection Account, which is a bank account into which monies not related to the Mortgage Portfolio are also paid. On or before the Closing Date, the Seller will provide the Global Collection Account Bank with an account mandate authorising the Servicer to transfer monies that are identified as being referable to the Mortgage Portfolio from the Global Collection Account at the end of each Business Day (to the extent that the Global Collection Account Bank does not undertake such task automatically) into the General Transaction Collection Account. The Seller currently receives payments of collections which are paid by way of direct debit into the General Transaction Collection Account, which is a bank account into which only monies relating to the Mortgage Portfolio are paid. Monies in the General Transaction Collection Account, insofar as they are not required to make payments in respect of Third Party Amounts, will be swept to the Issuer Account, subject to certain conditions at the end of each Business Day. On or before the Closing Date, the Seller will provide the Collection Account Bank with a new account mandate authorising the Servicer to transfer monies from the General Transaction Collection Account at the end of each Business Day to the Issuer Account. In each case, there can be no assurance as to the length of time it will take for payments from Borrowers in respect of the Mortgage Portfolio, whether by direct debit or otherwise, to be transferred by means of the new account mandates. However, it is provided under the Servicing Agreement that all amounts credited in relation to the Mortgage Portfolio to the Global Collection Account that relate to the Mortgage Portfolio (save for any fees payable in respect of the Global Collection Account) are to be transferred to the General Transaction Collection Account at the end of each Business Day during a Collection Period, and that (subject to certain conditions) all amounts credited in relation to the Mortgage Portfolio to the General Transaction Collection Account are to be transferred to the Issuer Account at the end of each Business Day during a Collection Period.

The Seller: (i) has, pursuant to a declaration of trust entered into prior to the Closing Date, declared a trust over all of its right, title and beneficial interest in respect of the Global Collection Account (to which the Issuer will accede as beneficiary in respect of amounts standing to the credit thereof that are referable to the Mortgage Loans by executing a deed of accession); and (ii) will, on or around the Closing Date, pursuant to a declaration of trust, declare a trust over all of its right, title and beneficial interest in respect of the Portfolio Transaction Accounts in favour of the Issuer in respect of amounts that are referable to the Mortgage Loans.

In the event of the insolvency of the Seller, the Issuer will be treated as an unsecured creditor of the Seller in respect of amounts in any other bank accounts over which the trust has not been declared.

(d) Delay in payment by the Borrowers may affect the Issuer's ability to make payments on the Notes

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (where, for example, such funds relate to a preceding Collection Period but are received after the Servicer has calculated the collections relating to such Collection Period). This risk may adversely affect the Issuer's ability to make payments on the Notes, and while liquidity from alternative sources as described in the section entitled "*Credit Structure – Liquidity and Credit Support for the Notes provided by Available Revenue Receipts*" may be available subject to certain conditions, no assurance can be made as to the effectiveness or sufficiency of such liquidity support features, or that such liquidity support features will protect the Noteholders from all risk of loss.

(e) Borrower default or failure by the Servicer may affect the Issuer's ability to make payments on the Notes

The Issuer is subject to the risk of default in payment by the Borrowers and the risk of failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of a relevant Mortgage Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrower under such Mortgage Loan. This risk may affect the Issuer's ability to make payments on the Notes. While, to some extent certain credit enhancement features which are described in the section entitled "*Credit Structure*" are available, no assurance can be made as to the effectiveness or sufficiency of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

(f) Delinquencies or Default by Borrowers in paying amounts due on their Mortgage Loans

In certain circumstances, the loan term, the repayment profile or other terms of a Mortgage Loan may have been altered to improve the affordability of the relevant Mortgage Loan for the relevant Borrower who was experiencing payment or repayment difficulties or who has otherwise requested such amendments. Additionally, some Borrowers may have breached other payment or non-payment obligations under the Mortgage Loans during the period since they were originated.

Defaults may occur for a variety of reasons. The ability of the Borrowers to pay amounts owed under the Mortgage Loans may be affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic (due to local, national and/or global macroeconomic and geopolitical factors such as the war between Russia and Ukraine) or weaker housing conditions, changes in tax laws, interest rates, inflation, costs of living, energy prices, the availability of financing, political developments and government policies.

In addition, the UK economy is experiencing a range of economic effects, partly associated with COVID-19 and the war between Russia and Ukraine, with uneven impacts. Developments such as consumer energy price inflation and disruption to global supply chains alongside elevated global demand for goods and supply shortages of specific goods have led to recent inflationary pressure. In response to such pressure, the Bank of England's Monetary Policy Committee has increased the BBR on several occasions since December 2021. Further inflationary pressure may result in further interest rate increases over time. There is currently some economic uncertainty and concern in relation to potential stagnation or recession. If there were further interest rate increases, this could adversely affect Borrowers' disposable income and ability to pay interest or repay principal on their Mortgage Loans, particularly against a background of price rises for essential goods. If inflationary pressure on prices combines with suppressed wage growth, there is the potential for stagflation. Widespread economic impacts have the potential to create contagion effects. A deflationary environment may negatively affect property values.

Other factors in tenants of Borrowers' individual, personal or financial circumstances may affect their ability to pay the rent and consequently, affects the Borrowers' ability to repay their Mortgage Loan. Unemployment, loss of earnings, illness (including any illness arising in connection with an epidemic or pandemic), divorce or widespread health crises or the fear of such crises and other similar factors may lead to an increase in late payment of rent or default which may lead to an increase in delinquencies by and bankruptcies (and analogous arrangements) of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Loans.

In addition, certain tenants of Borrowers may be, or may become, unemployed (or have their working hours reduced) throughout the lease period, which could affect their ability to make payments on rents and thus, affecting the Borrowers' ability to make payments and repayments under such Mortgage Loan. Additionally, tenants who are self-employed or who operate as independent contractors may have an income stream which is more susceptible to change (including the reduction or loss of future earnings due to illness, loss of business, tax laws or general economic conditions including as a result of a shortage of materials) than tenants who are in full time employment. Each such tenant may resultantly be more likely to fall into payment difficulties and as a result, affecting the Borrowers' income stream to make payments and repayments under such Mortgage Loans. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time (including reductions in property value as a result of the macroeconomic conditions). Mortgage Loans in arrears and subject to historical breaches by borrowers are generally likely to experience higher rates of delinquency, write-offs, enforcements and bankruptcy, than Mortgage Loans without such arrears or breaches which may impact the ability of the Issuer to make payments on the Notes.

(g) *Refinancing capacity of Borrowers*

The only security that exists in relation to a Mortgage Loan in the Mortgage Portfolio will be the Mortgage in respect of the relevant Property. The ability of a Borrower to refinance the relevant Property will be affected by a number of factors, including the value of the relevant Property, the Borrower's equity in the relevant Property, the Borrower's age and employment status, the financial condition and payment history of the Borrower, tax laws and prevailing general economic conditions. In recent times and in response to increases in regulation, mortgage lenders have maintained stricter conditions to the advancing of mortgage loans which are secured by mortgages. In addition, in periods of economic downturns mortgage lenders usually apply further more restrictive conditions to advancing mortgage loans leading to Borrowers being less likely to meet lending criteria for refinancing. The inability of the Borrowers to refinance their respective Properties may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments on the Notes.

(h) *Accuracy and completeness of information about customers and their properties*

In deciding whether to extend credit to mortgage loan applicants, the Seller relies on information furnished to it by customers and other third parties, such as credit reference agencies, solicitors, valuers and accountants, including employment, income and other financial information. The Seller also relies on representations of customers as to the accuracy and completeness of, and explanations for, that information. While the Seller has a practice of independently verifying certain information about customers (such as identity and income information) that it uses in making lending decisions and upon agreeing to loan modifications, it is not possible to verify all the information furnished. There is also the risk that the information on Borrowers, their properties and/or their Mortgage Loans is not accurately captured or complete in the systems of the Seller and/or the status is not appropriately updated during the course of their Mortgage Loan, either due to system deficiencies or human error. The Seller relies on manual processing and input from its personnel. While the Seller has certain controls in place, it may not always be able to identify input or classification errors. Classification errors may result in improper monitoring of certain metrics, including in respect of the Mortgage Loans in the Mortgage Portfolio. If any of the information provided is unintentionally, intentionally or negligently misrepresented and such misrepresentation is not detected prior to the funding or modification of a Mortgage Loan or such information is not accurately captured in the Seller's systems, the future recoverability of the Mortgage Loan and its Related Security may be adversely impacted, which could materially adversely affect the amounts received by the Issuer which could, in turn, have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

Financial crime in the financial services sector is an ongoing threat for lenders and borrowers that is increasing and becoming increasingly more sophisticated and the Seller's procedures may not be sufficient to prevent more sophisticated cases of fraud, money laundering or terrorism related activities. As the scale of the Seller's operations has grown, from time to time, the Seller has encountered instances of customer, broker or intermediaries fraud.

Given the size and scale of the Seller's operations, it could be the specific target of financial crime and fraudulent activity. In addition, regulators are increasingly focused on financial crime prevention.

Although the Seller has controls and processes designed to help it identify misrepresented or incorrect information in its loan origination processes, including know-your-customer ("**KYC**") checks and underwriting checks, no assurance can be given that the Seller's controls and processes will identify all misrepresented or incorrect information. The Seller's controls aimed at detecting and preventing financial crime (such as the use of their services for money laundering or terrorism-related activities) may not perform accurately or eliminate all instances where the Seller's services could be used for fraud or other financial crime by their customers or by their employees.

The procedures of the Seller may not be sufficient to prevent more sophisticated attempts of fraud. For example, as the Seller continues to grow its business it has encountered an increased number and a higher sophistication of financial crime attempts. As such, there have been some instances of a failure to detect fraud attempts at the time such attempts occur. While the Seller continues to invest in technology to help support their financial crime protection architecture and have first and second lines of defence functions dedicated to financial crime, there can be no assurance that significant weaknesses in the Seller's controls and processes used to detect financial crime do not exist or will not exist in the future.

Regulators are increasingly focused on financial crime prevention and the impact of non-compliance is becoming increasingly severe. In a worst case scenario, this could result in the removal of the Seller's operating licences, criminal charges, significant fines, reputational damage and individual loss of the authorised status for members of their management.

Failure of the Seller's financial crime prevention controls and other information processes could result in a breach of applicable regulation and harm the Seller's reputation, which in turn could have a material adverse effect on the Seller's business, results of operations and financial condition.

The Seller also uses a number of third party data providers to help them assess the credit quality of the customer (for instance, performance history) and the nature and value of the underlying property. Such data is used both in the Seller's underwriting assessment and for the purposes of the Seller's portfolio analysis. The Seller does not independently review the accuracy of the third party data, which if inaccurate, could affect its underwriting decisions or how it reports its loan information.

(i) Early Termination of Swap Agreements and Swap Transactions in certain circumstances

The Swap Agreements and the Swap Transactions thereunder, may be terminated early in certain circumstances (see "*Summary of the Key Transaction Documents*"). If a Swap Agreement or a Swap Transaction under such Swap Agreement are terminated early, the Issuer may be obliged to pay a termination payment to the relevant Swap Counterparty. The amount of any such termination payment will be based on the market value of the relevant Swap Transaction being terminated, computed in accordance with the relevant Swap Agreement, which would generally be by reference to the cost of entering into a replacement swap transaction that would have the effect of preserving the respective full payment obligations of the parties, in accordance with the procedures set out in that Swap Agreement. There can be no assurance that the Issuer will have sufficient funds available to make any such termination payment or that the Issuer, following termination of a Swap Agreement or a Swap Transaction thereunder, will have sufficient funds to make subsequent payments to the Noteholders in respect of the relevant class of Notes.

Except where the termination of a Swap Agreement is attributable to the default of the relevant Swap Counterparty or the failure by it to comply with any of its obligations under that Swap Agreement, any termination payment in respect of a Swap Agreement due from the Issuer will rank in priority to payments of interest due on the Notes under the Pre-Enforcement Revenue Priority of Payments. Therefore, if the Issuer is obliged to make a termination payment to the relevant Swap Counterparty, this may reduce the amount of funds which the Issuer has available to make payments on the Notes of any Class.

If a Swap Agreement or a Swap Transaction thereunder, is terminated, there can be no assurance that the Issuer will be able to enter into a replacement swap transaction, and if one is entered into, there can be no assurance that the credit rating of the applicable replacement Swap Counterparty will be sufficiently high as to prevent a downgrading of the then current ratings of one or more classes of the Collateralised Rated Notes by the Rating Agencies.

(j) *Insolvency of a Swap Counterparty*

In the event of the insolvency of a Swap Counterparty, the Issuer will be treated as a general creditor of that Swap Counterparty (subject to any applicable statutory bail-in procedures). Consequently, the Issuer will be subject to the credit risk of the Swap Counterparties. Under the terms of the Swap Agreements, in the event that the relevant ratings of a Swap Counterparty fail to meet the relevant required ratings, that Swap Counterparty will, in accordance with the terms of the relevant Swap Agreement, be required to elect to take certain remedial measures (at its own cost) within the applicable time frame stipulated in the relevant Swap Agreement which may include providing collateral for its obligations under that Swap Agreement, arranging for its obligations under that Swap Agreement to be transferred to an entity which does have the relevant required ratings, or procuring another entity with the required ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under that Swap Agreement or taking such other action as would result in the Rating Agencies maintaining the then current rating of the Collateralised Rated Notes. However, no assurance can be given that, at the time that such actions are required, the relevant Swap Counterparty will be able to provide collateral or that another entity with the required ratings will be relevant available to become a replacement hedge provider, co-obligor or guarantor or that Swap Counterparty will be able to take the requisite other action.

Accordingly, if any of the Collateralised Rated Notes remain outstanding in circumstances where a Swap Counterparty is insolvent and fails to make any payment to the Issuer required under the relevant Swap Agreement, the Issuer will be subject to the potential variation between the fixed rates of interest payable in respect of the Fixed Rate Mortgage Loans in the Mortgage Portfolio and Compounded Daily SONIA. Unless one or more comparable replacement swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes after that date.

(k) *Interest Rate Risk*

In relation to the risk of a mismatch between the rate of interest payable in respect of the Mortgage Loans and the rate of interest payable in respect of the Notes: (i) 22.27 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are currently Discounted Tracker Mortgage Loans; (ii) 12.24 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are currently Tracker Mortgage Loans; and (iii) 65.49 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are currently Fixed Rate Mortgage Loans which pay a fixed rate of interest for a certain period. However, the Issuer's liabilities under the Notes are based on Compounded Daily SONIA for the relevant period as determined on the relevant Interest Determination Date. This may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders and the Secured Creditors. As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Mortgage Loans and the rate of interest payable in respect of the Notes.

However, such risks are partially mitigated by the Swap Transactions entered into pursuant to the Swap Agreements, the General Reserve Fund, the subordination of certain junior classes of Notes and the application of Available Redemption Receipts as Principal Addition Amounts in relation to the Collateralised Rated Notes only. The interest rate on the Tracker Mortgage Loans and the Discounted Tracker Mortgage Loans (following the expiry of the relevant fixed period) resets will reset monthly if tracking BBR. The interest rate on the Discounted Tracker Mortgage Loans will reset monthly.

Under each Swap Transaction, the Issuer pays a fixed amount which is equal to the notional amount of the relevant Swap Transaction multiplied by a fixed rate and the relevant day count fraction. This fixed rate is not intended to be an exact match to the interest rates that the Issuer receives in respect of the Fixed Rate Mortgage Loans in the Mortgage Portfolio.

The notional amount under each Swap Transaction is determined by reference to a fixed amortisation schedule. The amortisation schedule will be based on the expected repayment profile of the Fixed Rate Mortgage Loans assuming a 2 per cent. constant prepayment rate.

If the actual rate of repayment of the Fixed Rate Mortgage Loans is faster or slower than anticipated, this may lead the aggregate notional amount of the Swap Transactions to be, respectively, greater than or less than the outstanding amount of the Fixed Rate Mortgage Loans. In such circumstances, there would be a mismatch between the aggregate notional amount of the Swap Transactions and the outstanding principal balance of the Fixed Rate Mortgage Loans.

Since: (i) the fixed rate(s) under the Swap Transactions may not match the interest rates applicable to the Fixed Rate Mortgage Loans in the Mortgage Portfolio; and/or (ii) the aggregate notional amount of the Swap Transactions may be higher or lower than the outstanding principal balance of the Fixed Rate Mortgage Loans, there may be circumstances in which the amount payable by the Issuer under the relevant Swap Transaction exceeds the amount that the Issuer receives in respect of the Fixed Rate Mortgage Loans in the Mortgage Portfolio. This may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Secured Creditors.

Investors should note that if the number of Mortgage Loans other than Fixed Rate Mortgage Loans increases, a higher proportion of the Mortgage Portfolio will be unhedged. As such, if Borrowers are unable to refinance their Mortgage Loans or if the Notes are not redeemed on the Optional Redemption Date the risk of such mismatch may become greater and more likely to adversely affect the Issuer's ability to make payments on the Notes. For further information see "*Risks Relating to the Underlying Assets – Risk of mismatch of the Floating Mortgage Rate and Rate of Interest on the Notes*" above.

(I) Ratings of the Collateralised Rated Notes

The ratings assigned by Moody's address, *inter alia*:

- in respect of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the likelihood of full and timely payment of interest due to the holders of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, respectively, on each Interest Payment Date; and
- the likelihood of full payment of principal to the holders of the Collateralised Rated Notes, respectively, by a date that is not later than the Final Maturity Date.

The ratings assigned by S&P address, *inter alia*:

- in respect of the Class A Notes and the Class B Notes, the likelihood of full and timely payment of interest due to the holders of the Class A Notes and the Class B Notes on each Interest Payment Date;
- in respect of the Class C Notes and the Class D Notes, the likelihood of full and timely payment of interest to the holders of the Class C Notes and the Class D Notes respectively on each Interest Payment Date when such class is the Most Senior Class of Notes; and
- the likelihood of full and ultimate payment of principal to the holders of the Collateralised Rated Notes on or prior to the Final Maturity Date.

The Class Z Notes will not be rated by the Rating Agencies.

The expected ratings of the Collateralised Rated Notes to be assigned on the Closing Date are set out under the section entitled "*Ratings*". A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances (including a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Issuer Account Bank, the Global Collection Account Bank, the Collection Account Bank or a Swap Counterparty) in the future so warrant. See also "*If the Servicer is removed, there is no guarantee that a substitute Servicer would be found, which could delay collection of payments on the Mortgage Loans and ultimately could adversely affect payments on the Notes*" above.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Collateralised Rated Notes may be withdrawn, lowered or qualified.

Rating agencies other than the Rating Agencies could seek to rate the Collateralised Rated Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Collateralised Rated Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the Collateralised Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the Rating Agencies only.

As highlighted above, the ratings assigned to the Collateralised Rated Notes by each Rating Agency are based on, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Issuer Account Bank, the Global Collection Account Bank, the Collection Account Bank or the Swap

Counterparties. In the event one or more of these transaction parties were downgraded below the requisite ratings trigger, such transaction parties would be subject to a replacement obligation in accordance with the terms of the relevant Transaction Documents. There can, however, be no assurance that a replacement of such counterparty which has at least the minimum ratings required to maintain the then current ratings of the Collateralised Rated Notes will be found. If a replacement counterparty with at least the requisite ratings cannot be found, this could have an adverse impact on the ratings of the Collateralised Rated Notes and, as a consequence, the resale price of the Collateralised Rated Notes in the market.

(m) Rating Agency confirmation in relation to the Collateralised Rated Notes in respect of certain actions

The terms of certain Transaction Documents provide that certain actions to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such actions not having an adverse effect on the ratings assigned to the Collateralised Rated Notes. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer and the Note Trustee, or, as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Collateralised Rated Notes (a "**Rating Agency Confirmation**").

A Rating Agency Confirmation that any action or inaction proposed to be taken by the Issuer or the Note Trustee or as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Collateralised Rated Notes does not, for example, confirm that such action: (i) is permitted by the terms of the Transaction Documents; or (ii) is in the best interests of, or not prejudicial to, the Noteholders of the Collateralised Rated Notes. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Collateralised Rated Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders of the Collateralised Rated Notes), the Issuer, the Note Trustee, the Security Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders of the Collateralised Rated Notes), the Issuer, the Note Trustee, the Security Trustee or any other person whether by way of contract or otherwise. In addition, the Note Trustee and/or the Security Trustee, as applicable, may, but is not required to, have regard to any Rating Agency Confirmation.

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Where the Transaction Documents allow the Issuer, Note Trustee or the Security Trustee to seek a Rating Agency Confirmation and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and: (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response; or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by a director (upon which the Note Trustee and the Security Trustee shall be entitled to rely absolutely without enquiry or liability) certifying and confirming that each of the events in paragraphs (i) (A) or (B) and (ii) above has occurred, the Issuer having sent a written request to each Rating Agency. Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Collateralised Rated Notes as a result of the action

or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Collateralised Rated Notes may have an adverse effect on the value of the Collateralised Rated Notes.

(n) Certain conflicts of interest involving or relating to the Joint Arrangers, the Joint Lead Managers, the Co-Manager and their affiliates

Deutsche Bank AG, London Branch and its affiliates (the "**Deutsche Bank Parties**"), Lloyds Bank Corporate Markets plc and its affiliates (the "**Lloyds Parties**"), BNP Paribas and its affiliates (the "**BNPP Parties**"), BofA Securities and its affiliates (the "**BofA Parties**"), National Australia Bank Limited and its affiliates (the "**NAB Parties**"), NATIXIS and its affiliates ("**NATIXIS Parties**") will play various roles in relation to the offering of the Collateralised Rated Notes as described below. Apollo Management International LLP will act as Co-Manager in relation to the offering of the Collateralised Rated Notes. In addition, the Seller is majority owned by certain subsidiaries and/or affiliates of Apollo Management International LLP, including Apollo Global Management, Inc. (and, together with any funds and/or accounts managed by each of them, the "**Apollo Parties**").

The Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties may assist clients and counterparties in transactions related to the Collateralised Rated Notes (including assisting clients in future purchases and sales of the Collateralised Rated Notes and hedging transactions) and such Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties would expect to earn fees and other revenues from these transactions.

The Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties are each part of global investment banking and/or securities and investment management firms that provide a wide range of financial services to a substantial and diversified client base that includes, without limitation, corporations, financial institutions, governments and high net worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties and/or their clients may have positions in or may have arranged financing in respect of the Notes or the Mortgage Loans in the Mortgage Portfolio prior to their transfer to the Issuer and may have provided or may be providing investment banking services and other services to the other transaction parties or the Originator.

The Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties may each act as lead manager, arranger, placement agent, co-manager and/or initial purchaser or investment manager in other transactions involving issues of residential mortgage backed securities or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the price or value of the Notes. The Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Prospectus except where required in accordance with applicable law.

In the ordinary course of business, Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties and employees or customers of each of the Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties may actively trade in and/or otherwise hold long or short positions in the Notes or enter into transactions similar to or referencing the Notes for their own accounts and for the accounts of their customers. If any of the Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the Notes. To the extent any of the Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which any of the Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties, BofA Parties and the Apollo Parties may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes.

Prospective investors should note that certain Deutsche Bank Parties, Lloyds Parties, BNPP Parties and NAB Parties have provided financing indirectly to Paratus through three warehousing issuers. As such, the proceeds of

the issuance of the Notes will be used on or about the Closing Date to refinance such financing by Paratus using a portion of the Initial Purchase Price in respect of the Mortgage Portfolio and their Related Security to purchase the relevant Mortgage Loans from the respective warehousing issuers before on-selling such part of the Mortgage Portfolio to the Issuer. The warehousing issuers will ultimately use such funds to repay certain Deutsche Bank Parties, Lloyds Parties, BNPP Parties and NAB Parties. Other than where required in accordance with applicable law, the Deutsche Bank Parties, Lloyds Parties, NAB Parties, NATIXIS Parties, BNPP Parties and BofA Parties have no obligation to act in any particular manner as a result of their prior, indirect involvement with the Mortgage Portfolio and any information in relation thereto. With respect to the refinancing, each of the Deutsche Bank Parties, Lloyds Parties, BNPP Parties and NAB Parties will act in its own commercial interest.

6. Macroeconomic and market risks

(a) Absence of secondary market or lack of liquidity in the secondary market may adversely affect the market value of the Notes

No assurance can be provided that a secondary market for the Notes will exist at any time on or after the Closing Date.

None of the Notes have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on their resale and transfer as set forth under "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market develops for the Notes, it may not continue for the life of the Notes or it may not provide the Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its notes readily or at prices that will enable such Noteholder to realise a desired yield. Any investor in the Notes must be prepared to hold their Notes until the Final Maturity Date.

The secondary market for mortgage-backed securities similar to the Notes has at times experienced limited liquidity resulting from reduced investor demand for such securities, including as a result of the circumstances described in the section entitled "*Counterparty Risks – Delinquencies or Default by Borrowers in paying amounts due on their Mortgage Loans*" or otherwise. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

While central bank schemes such as, among others, the Bank of England's Sterling Monetary Framework, the Funding for Lending Scheme or the European Central Bank's liquidity schemes provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities.

(b) Risks Associated with Rising Mortgage Rates

All of the Mortgage Loans comprising the Mortgage Portfolio have interest rates which are subject to change over the course of the life of such Mortgage Loans. Such rates are set by reference to: (i) BBR; or (ii) a fixed rate of interest for a certain period which will revert into rates set by reference to BBR. An increase in such reference rates could result in higher monthly repayments, which, in turn, could reduce the Borrowers' capacity to service their Mortgage Loans. The Issuer could therefore be subject to a higher risk of default in payment by Borrowers over the course of the Transaction which may affect the ability of the Issuer to make payments on the Notes.

(c) The market continues to develop in relation to SONIA as a reference rate in the capital markets

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption as an alternative to the London Interbank Offered Rate ("**LIBOR**"). For instance, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The Bank of England also published a Discussion Paper titled "Supporting Risk-Free Rate transition through the provision of compounded SONIA" in February 2020, in which it proposed to publish a daily SONIA compounded index and considered the usefulness of it publishing a set of compounded SONIA period averages. This means that the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Prospectus. The nascent development of SONIA

as an interest reference rate for sterling denominated notes, as well as continued development of SONIA based rates in the market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Notes which reference a SONIA rate from time to time. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes. In addition, the manner of adoption or application of SONIA reference rates in the sterling denominated residential-mortgage-backed-securitisation markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Notes referencing SONIA and issued under this Prospectus (as to which see "*Counterparty Risks – Interest Rate Risk*").

(d) Changes or uncertainty in respect of SONIA may affect the value or payment of interest under the Mortgage Loans or the Notes

Various interest rates and other indices which are deemed to be "benchmarks", including SONIA, have been the subject of national, international and other regulatory reforms and proposals for reform. Some of these reforms are already effective while others are still to be implemented.

Any changes to interest rates and indices which are deemed to be "benchmarks" would be required to comply with the requirements of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"). The UK Benchmarks Regulation imposes new requirements on the administrators and users of, and contributors to, benchmarks used in the UK. Some of these reforms are already effective while others are still to be implemented. This may cause compliance issues in respect of benchmarks transition. In particular, the UK Benchmarks Regulation, among other things: (i) requires benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks; and (ii) prevents certain uses by UK-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK-based, deemed equivalent or recognised or endorsed).

The UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Based on the foregoing, prospective investors should in particular be aware that:

- (a) while: (i) an amendment may be made under Condition 13.6(e) of the Conditions to change the base rate on the Collateralised Rated Notes from SONIA to an alternative base rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions being satisfied including no objection to the proposal being received by at least 10 per cent. of Noteholders of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (in this regard please also refer to the risk factor above entitled "*Risks relating to the changes to the structure and the documents – Meetings of Noteholders and Certificateholders, Modification and Waivers*"); (ii) the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate in accordance with Condition 13.6(e), and (iii) an amendment may be made under Condition 13.6(f) to change the base rate that then applies in respect of a Swap Agreement for the purpose of aligning the base rate of that Swap Agreement to the base rate of the Notes following a Base Rate Modification, there can be no assurance that any such amendments will be made or, if made, that they: (A) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Collateralised Rated Notes; or (B) will be made prior to any date on which any of the risks described in this risk factor may become relevant (in this regard, please also refer to the risk factor above entitled

"Risks relating to the changes to the structure and the documents – Meetings of Noteholders and Certificateholders, Modification and Waivers"); and

- (b) if SONIA is discontinued, and whether or not an amendment is made under Condition 13.6(e) to change the base rate with respect to the Collateralised Rated Notes as described in paragraph (a) above, if a proposal for an equivalent change to the base rate of a Swap Agreement is not approved in accordance with Condition 13.6(f), there can be no assurance that the applicable fall-back provisions under that Swap Agreement would operate to allow the transactions under that Swap Agreement to effectively mitigate interest rate risk in respect of the Collateralised Rated Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Collateralised Rated Notes.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Collateralised Rated Notes and/or any Swap Agreement due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to meet Issuer's payment obligations in respect of the Collateralised Rated Notes.

Moreover, any of the above matters (including an amendment to the base rate as described in paragraph (a) above) or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Collateralised Rated Notes and/or any Swap Agreement and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in amendments to the Conditions and the Swap Agreements, early redemption, discretionary valuation by a Swap Counterparty acting in its capacity as calculation agent (**provided that** such Swap Counterparty is not in default), delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

(e) The relationship of the United Kingdom with the EU may affect the market value and/or liquidity of the Notes in the secondary market

The United Kingdom left the European Union on 31 January 2020 at 11pm, and the transition period ended on 31 December 2020 at 11pm. As a result, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The UK is also no longer part of the European Economic Area (EEA). The EU-UK Trade and Cooperation Agreement (the "**Trade and Cooperation Agreement**") which governs the relationship between the EU and the UK following the end of the transition period and which had provisional application pending completion of ratification procedures, entered into force on 1 May 2021. The Trade and Cooperation Agreement does not create a detailed framework to govern the cross-border provision of regulated financial services from the UK into the EU and from the EU into the UK.

The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the "**EUWA**") and secondary legislation made under powers provided in the EUWA ensure that there is a functioning statute book in the UK. While the UK introduced a temporary permission regime to allow EEA firms to continue to do business in the UK for a limited period of time, once the passporting regime fell away, the majority of EEA states have not introduced similar transitional regimes. The Trade and Cooperation Agreement forms only part of the overall package of agreements reached. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen, including financial services. The declarations state that the EU and the UK will discuss how to move forward with equivalence determinations in relation to financial services. It should be noted that even if equivalence arrangements for certain sectors of the financial services industry are agreed, market access is unlikely to be as comprehensive as the market access that the UK enjoyed through its EU membership and there can be no assurance that such equivalence arrangements would remain in place indefinitely.

Prospective investors should also note that the regulatory treatment, including the availability of any preferential regulatory treatment, of the Notes may be affected (as to which, please refer to the risk factor entitled "*UK Securitisation Regulation and EU Securitisation Regulation*").

It is difficult to determine what the precise impact of the new relationship between the UK and the EU will be on general economic conditions in the UK, including any implications for the UK sovereign ratings, ratings of the Notes and the relevant transaction parties, and the performance of the UK housing market (including the Mortgage Portfolio).

In addition, following the UK withdrawal from the EU, future UK political developments and/or any changes in government structure and policies could affect the fiscal, monetary and regulatory landscape.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or liquidity of the Notes in the secondary market. In addition to the economic and market uncertainty this brings, there are a number of potential risks in relation to an investment in the Notes and/or the Residual Certificates that Noteholders should consider:

(f) Legal uncertainty

A significant proportion of English law and Scots law was derived from or was designed to operate in concert with EU law. This is especially true of the law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, and market infrastructure.

The UK incorporated most of the existing EU law *acquis* into UK law at the end of the transition period following its exit from the EU, with the intention of limiting immediate legal change. The EUWA also grants the UK Government wide powers to make secondary legislation in order to, among other things, adapt retained EU law that would otherwise not function sensibly once the UK left the EU with minimal parliamentary scrutiny. The secondary legislation made under those powers would be able to do anything that could be done by an act of Parliament. Over time, however significant changes to English law in areas relevant to the Transaction and the Transaction Parties are likely. The Issuer cannot predict what any such changes will be and how they may affect payments of principal and interest to the Noteholders and Certificateholders. Noteholders and Certificateholders should, however, note that payments due under the Notes and Residual Certificates may be negatively affected by such changes to English law and Scots law.

(g) Regulatory uncertainty

The UK's exit from the EU may also have a significant impact on how financial institutions from the remaining EU (the "EU27") with assets (including branches) in the UK will be regulated and *vice versa*. EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Following the end of the implementation period, the previous passporting system is no longer effective, nor are the mutual rights of access to market infrastructure and arrangements for mutual recognition of bank recovery and resolution regimes that previously existed. The ability of regulated financial institutions to continue to do business between the UK and the EU27 remains subject to separate arrangements between the UK and the EU27. The UK Government has taken various steps to mitigate any disruption that has resulted following the UK's departure from the EU, including the creation of a temporary permissions regime which allows EU27 firms that previously relied on passporting rights to continue their activities in the UK for up to three years after the UK left the EU and a more limited run-off regime intended to address contract continuity issues. The temporary permissions regime will end on 31 December 2023. Nevertheless, regulatory uncertainty remains, which could adversely impact the ability of third parties who are regulated financial institutions to provide services to the Issuer and the Transaction, including the Cash Manager and the Swap Counterparties, which may adversely affect the performance of the Notes and Residual Certificates.

(h) Counterparty risk

Counterparties to the Transaction Documents may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the UK's withdrawal from the EU. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and accordingly, on the ability of the Issuer to make payments of interest and repayments of principal to the Noteholders. See "*Counterparty Risks – If the Servicer is removed, there is no guarantee that a substitute Servicer would be found, which could delay collection of payments on the Mortgage Loans and ultimately could adversely affect payments on the Notes*" above.

(i) *Adverse economic conditions affecting Borrowers*

The uncertainty and market disruption arising from the UK's withdrawal from the EU may cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions may affect the Borrower's willingness or ability to meet their obligations, resulting in increased defaults in the Mortgage Portfolio and may ultimately affect the ability of the Issuer to pay interest and repay principal to Noteholders or make payments to Certificateholders.

(j) *Break-up of the UK*

The EU withdrawal process has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the EU. Leading figures in both Scotland and Northern Ireland have suggested that they have a mandate from their voters to remain in the EU and might seek to leave the UK in order to achieve that outcome. The border between Northern Ireland and the Republic of Ireland was a particularly difficult and contentious issue in the withdrawal negotiations. The Issuer cannot predict the outcome of this continuing constitutional tension or how the potential future departure of Scotland and/or Northern Ireland from the UK would affect the Transaction and the ability of the Issuer to pay interest and repay principal to Noteholders or make payments to Certificateholders.

(k) *Rating actions*

The Brexit vote resulted in rating downgrades of the UK sovereign and the Bank of England by S&P, Fitch Ratings Limited ("**Fitch**") and Moody's. The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties to the Transaction Documents meaning that they will cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the Transaction with others who have the required ratings on similar terms or at all.

Moreover, a more pessimistic economic outlook for the UK in general could lead to increased concerns around the future performance of the Mortgage Portfolio and accordingly the ability of the Issuer to pay interest and repay principal to Noteholders and Certificateholders and the ratings assigned to the Notes on the Closing Date could be adversely affected.

While the extent and impact of these issues are unknown, Noteholders should be aware that they could have an adverse impact on Noteholders and the payment of interest and repayment of principal on the Notes.

7. Legal and Regulatory Risks

(a) *Delays encountered in the enforcement and recovery of security under the Mortgage Loans may adversely affect payments on the Notes*

In relation to enforcement generally, even assuming that the Properties provide adequate security for the Mortgage Loans, delays could be encountered in connection with enforcement of the Mortgages and recovery under the Mortgage Loans with corresponding delays in the receipt of related proceeds by the Issuer.

In order to realise its security in respect of a Property, the relevant mortgagee will need to obtain possession.

England and Wales

In England and Wales, there are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice); and secondly, by applying for, obtaining and enforcing a court order.

The Court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower that is considered to be a consumer at risk of eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the relevant Borrower more time to pay. The situation may be particularly relevant where the Borrower (who is a consumer) under such Mortgage Loan is or becomes a "vulnerable" Borrower, or where the situation otherwise merits sensitive handling.

In addition, in the case of a Borrower who would be considered to be a consumer, certain regulatory measures, court orders or industry practice may restrict authorised firms (such as the Servicer) from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given such Borrower's circumstances, it is appropriate or required to take

certain actions instead of a repossession, including (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments.

While each such forbearance option need not be explored at every stage of interaction with such Borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant loan may be subject to as a result, *inter alia*, of such loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Seller or the Servicer to take certain forbearance-related actions which would not otherwise comply with the Transaction Documents (and, in particular, the servicing arrangements contemplated by such Transaction Documents) in respect of one or more Mortgage Loans. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Loans that involve Borrowers who experience payment difficulties or who are considered "vulnerable borrowers".

Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time.

If a mortgagee takes physical possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or may incur certain financial liabilities in respect of the Property. Actions for possession are regulated by statute and may incur certain financial liabilities in respect of the Property. The Courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The Court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the Mortgage Loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage Loan.

Scotland

In Scotland, the position is broadly equivalent to that in England and Wales (although references in this Prospectus to a "**mortgagee**" or "**mortgagees**" are to be read as "**heritable creditor**" or "**heritable creditors**" (being the Scottish equivalent of mortgagees) in relation to Scottish Mortgages).

Each of the Note Trustee and the Security Trustee has the absolute discretion at any time to refrain from taking any action under the Trust Deed or the Deed of Charge (as applicable) or any of the Transaction Documents including becoming a mortgagee in possession in respect of any property contained within the Mortgage Portfolio, unless it is satisfied at that time that it is indemnified and/or secured and/or prefunded to its satisfaction against any liability which it may incur by so acting.

(b) Fixed Charges over Accounts May Take Effect under English Law as Floating Charges

The Issuer will purport to grant, *inter alia*, fixed charges in favour of the Security Trustee over the Issuer's interest in the Issuer Account and any other bank account in which the Issuer has an interest.

The law in England and Wales relating to the re-characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only if, for example, it is determined that the Security Trustee does not exert sufficient control over the relevant Charged Assets, such as an account or the proceeds thereof, for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges, then certain matters, which are given priority over the floating charge by law, will be given priority over the claims of the floating chargeholder.

(c) Liquidation Expenses

Prior to the House of Lords' decision in the case of *Re Leyland Daf* in 2004, the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge.

On 6 April 2008, Section 176ZA of the Insolvency Act 1986 came into force, which effectively reversed by statute the House of Lords' decision in the case of *Re Leyland Daf* in 2004. Accordingly, it is now the case that in general, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

On this basis and as a result of the changes described above, in a winding-up of the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes will not be adversely affected by such a reduction in floating charge realisations.

(d) Banking Act 2009

The Banking Act 2009 (as amended, the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and certain authorised investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

In general, the Banking Act requires UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such action may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Mortgage Loans). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the UK authorities have provided an exclusion for certain securitisation companies,

which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of an entity referred to above and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

Lastly, as a result of Directive 2014/59/EU providing for the establishment of an EEA-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EEA state and/or certain group companies (such as refer to any relevant EEA entities) could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

(e) Noteholders' and Certificateholders' interests may be adversely affected by a change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Collateralised Rated Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Mortgage Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus, nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended, and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

(f) UK Securitisation Regulation and EU Securitisation Regulation

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019 and, from 9 April 2021, the EU Securitisation Regulation applies as amended by Regulation (EU) 2021/557. However, some legislative measures necessary for the full implementation of the EU Securitisation Regulation regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions. In addition, further amendments are expected to be introduced to the EU Securitisation Regulation regime as a result of its wider review on which, under Article 46 of the EU Securitisation Regulation, the European Commission published a report on 10 October 2022 outlining a number of areas where legislative changes may be introduced in due course.

The EU Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including the recast of pre-1 January 2019 risk retention and investor due diligence regimes).

The EU Securitisation Regulation has direct effect in member states of the EU, and once the EU Securitisation Regulation is incorporated into the EEA Agreement, it will apply more broadly in the EEA, including Iceland, Norway and Liechtenstein.

The UK Securitisation Regulation applies in the UK from 11pm London time on 31 December 2020 following the end of the transition period relating to the UK's withdrawal from the EU (note that the UK is also no longer part of the EEA). The UK Securitisation Regulation largely mirrors (with some adjustments) the EU Securitisation Regulation as it applied in the EU at the end of 2020 (meaning that the amendments that took effect in the EU from 9 April 2021 are not part of the UK regime). The currently applicable UK Securitisation Regulation regime will be revoked and replaced in due course with a new recast regime as a result of the ongoing legislative reforms introduced under the "Edinburgh Reforms" of UK financial services unveiled on 9 December 2022 and the UK post-Brexit move to "A Smarter Regulatory Framework for financial services", the FSMA and related thereto statutory instrument on the Securitisation Regulations 2023 published by HM Treasury as the near final draft in July 2023 ("**2023 UK SR SI**"), as well as the PRA and the FCA consultations published in the summer 2023 ("**PRA/FCA Consultations**") on the exercise of their rulemaking powers and the draft amendments to their rulebooks which (together with the FSMA and the 2023 UK SR SI) recast (with various changes that result in

further divergence from the EU Securitisation Regulation) currently applicable UK Securitisation Regulation requirements. It is expected that the proposed amendments will be finalised and become applicable in Q2 2024. Note that these reforms will impact on new securitisations closed after the relevant date of application and they also have potential implications for securitisations in-scope of the UK Securitisation Regulation that closed prior to such date, although the exact operation of any transitional or grandfathering provisions is yet to be confirmed. Also note that it is expected that, in Q3/Q4 2024, the UK government, the PRA and the FCA will consult on further changes to the UK Securitisation Regulation framework including, but not limited to, the recast of the transparency and reporting requirements. Therefore, at this stage, the timing and all of the details for the implementation of securitisation-specific reforms are not yet fully known and the outcome of ongoing and any new consultations on such reforms will be unfolding in the course of 2023-2025. Please note that some divergence between EU and UK regimes exists already. While the UK Securitisation Regulation reforms published in the summer 2023 propose some alignment with the EU regime, these reforms also introduce new points of divergence and the risk of further divergence between EU and UK regimes cannot be ruled out in the longer term as it is not known at this stage how the ongoing reforms or any future reforms will be finalised and implemented in the UK.

The EU Securitisation Regulation and/or the UK Securitisation Regulation requirements will apply to the Notes. As such, certain EU regulated institutional investors or UK-regulated institutional investors, which include relevant credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 of the EU Securitisation Regulation or Article 5 of the UK Securitisation Regulation, as applicable, with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify under their respective EU or UK regime certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements.

Note that under the reforms to the UK Securitisation Regulation mentioned above, the recast of the investor due diligence provisions will result in a more fragmented implementation of such requirements so that different type of UK institutional investor (depending on how and by which UK regulator they are authorised or supervised) will need to refer to either the provisions on investor due diligence in the 2023 UK SR SI, or such provisions in the PRA Rulebook or the FCA Handbook. While the recast of the requirements (which broadly builds on the existing requirements of Article 5 but with some material divergence from the EU Article 5 requirements, in particular around due diligence on transparency and the delegation of the investment decision to another investor) is fragmented, it is intended to ensure coherence of the overall framework. However, the final position is yet to be confirmed.

If the relevant European- or UK-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, as applicable to them under their respective EU or UK regime, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take corrective action in the case of a certain type of regulated fund investors.

Aspects of the requirements of the EU Securitisation Regulation and the UK Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of the requirements applicable to them in their respective jurisdictions and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the EU Securitisation Regulation (and any corresponding national measures which may be relevant) or the UK Securitisation Regulation.

With regard to the transparency requirements set out in Article 7 of the UK Securitisation Regulation, each of Paratus in its capacity as originator and the Issuer (as the designated entity under Article 7(2) of the UK Securitisation Regulation) has certain direct obligations imposed upon it. Should Paratus or the Issuer not comply with the direct obligations under Article 7 of the UK Securitisation Regulation, Paratus or the Issuer could face certain regulatory issues, inclusive of fines and pecuniary sanctions, which may impact on Paratus' and the Issuer's ability to perform their respective functions under the Transaction Documents, including the Issuer's obligations under the Notes. Investors should note that failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor. Under the Servicing Agreement, the Servicer will indemnify the Issuer for any such fines or penalties imposed by the regulator to the extent such fines

or penalties were imposed as a result of its direct act, omission or negligence. To the extent that the Issuer is not indemnified, such fines and penalties will be paid in accordance with the relevant Priorities of Payments.

With respect to the commitment of the Seller to retain a material net economic interest in the securitisation pursuant to Article 6 of the UK Securitisation Regulation and Article 6 of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures) and with respect to the information to be made available by the Issuer (or by the Servicer on the Issuer's behalf), please see the statements set out in "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*" below.

With respect to the commitment of the Seller to provide (or to procure the provision of) information and reports required pursuant to Article 7 of the EU Securitisation Regulation (as if it were applicable to it), please see "*Transparency Requirements*" below.

Relevant investors are required to assess independently and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements. None of the Issuer, the Joint Arrangers, any Joint Lead Manager, the Co-Manager, the Seller or any of the other transaction parties makes any representation that the information described above is sufficient for such purposes. Various parties to the securitisation transaction described in this Prospectus (including Paratus and the Issuer) are also subject to the requirements of the UK Securitisation Regulation. However, some uncertainty remains in relation to the interpretation of some of these requirements and what is or will be required to demonstrate compliance to the relevant UK regulators.

Prospective investors are referred to the sections entitled "*General Information*", "*Summary of the Key Transaction Documents – Servicing Agreement*", "*Summary of the Key Transaction Documents*" and "*Summary of the Key Transaction Documents – Cash Management Agreement*" for further details and should note that there can be no assurance that the information in this Prospectus or to be made available to investors in accordance with such undertakings will be adequate for any prospective institutional investors to comply with their due diligence obligations under the EU Securitisation Regulation or the UK Securitisation Regulation.

Prospective investors are referred to the sections entitled "*Risk Retention Requirements*" and "*General Information*" for further details and should note that there can be no assurance that undertakings relating to compliance with the UK Securitisation Regulation and/or the EU Securitisation Regulation, as if the EU Securitisation Regulation were applicable to Paratus and the Issuer and solely as it applies on the Closing Date, (except with respect to Article 7 of the EU Securitisation Regulation, in relation to which compliance shall be on an ongoing basis), the information in this Prospectus or information to be made available to investors in accordance with such undertakings will be adequate for any prospective institutional investors to comply with their due diligence obligations under the UK Securitisation Regulation or the EU Securitisation Regulation.

Non-compliance with the UK Securitisation Regulation and/or the EU Securitisation Regulation could adversely affect the regulatory treatment of the Notes and the market value and/or liquidity of the Notes in the secondary market.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

(g) *Simple, Transparent and Standardised Securitisations*

The UK Securitisation Regulation makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction (a "**UK STS Securitisation**"). In order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the UK Securitisation Regulation (the "**UK STS Criteria**"), and one of the originator or sponsor in relation to such transaction is required to file a notification to the FCA in accordance with Article 27 of the UK Securitisation Regulation confirming the compliance of the relevant transaction with the UK STS Criteria (a "**UK STS Notification**").

As at the Closing Date, no UK STS Notification will be submitted to the FCA. While a UK STS Notification may be submitted at some point during the life of the Notes, none of Paratus, the Issuer, the Joint Arrangers, the Joint Lead Managers or the Co-Manager offers any assurance that a UK STS Notification will be given in relation to the Notes. The transaction does not (and will not) fall within the simple, transparent and standardised regime of the EU Securitisation Regulation.

Investors should consider the consequence from a regulatory perspective of the Notes not being considered a UK STS Securitisation, including (but not limited to) that the lack of such designation may negatively affect the

regulatory position of the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

(h) Effects of the Volcker Rule on the Issuer

The Issuer is of the view that it is not now, and immediately after the issuance of the Notes and the application of the proceeds thereof will not be, a "covered fund" as defined in the Volcker Rule. Although other exclusions and/or exemptions may be available, the Issuer should satisfy all of the elements of the exemption from the definition of "investment company" under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") by Section 3(c)(5) thereunder.

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (i) engaging in proprietary trading; (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (iii) entering into certain relationships with such funds. Any prospective investor in the Notes or Residual Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule and should conduct its own analysis to determine whether the Issuer is a "covered fund" for its purposes. The general effects of the Volcker Rule remain uncertain. There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. Regulators in the United States may promulgate further regulatory changes. No assurance can be given as to the impact of such changes on the Notes and/or the Residual Certificates and prospective investors should be aware that the Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes.

(i) U.S. risk retention requirements

The U.S. Risk Retention Rules generally require the "sponsor" of a "securitization transaction" to retain at least five per cent. of the "credit risk" of "securitized assets" (each such term is as defined in the U.S. Risk Retention Rules), as such terms are defined for the purposes of that statute, and generally prohibit a "sponsor" from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the "sponsor" is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as "sponsor" under the U.S. Risk Retention Rules, does not intend to retain at least five per cent. of the credit risk of the Issuer for the purposes of compliance with the U.S. Risk Retention Rules, but intends to rely on an exemption regarding non-U.S. transactions provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that: (i) the transaction is not required to be and is not registered under the Securities Act; (ii) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of "ABS interests" (as defined in Section 2 of the U.S. Risk Retention Rules) issued in the securitisation transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, "**Risk Retention U.S. Persons**"); (iii) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (iv) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prior to any Notes offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of the Seller in the form of a U.S. Risk Retention Waiver. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical with, the definition of "U.S. person" under Regulation S and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of "U.S. person" in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(ii), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "**U.S. person**" (and "**Risk Retention U.S. Person**" as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;

- (b) any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organization or entity if:
 - (i) organized or incorporated under the laws of any foreign jurisdiction; and
 - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act¹.

Each holder of a Note or Residual Certificate or a beneficial interest therein acquired in the initial syndication thereof, by its acquisition of a Note or Residual Certificate or a beneficial interest therein, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Seller and the Joint Lead Managers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Waiver, (2) is acquiring such Note or Residual Certificate or a beneficial interest therein for its own account and not with a view to distribute such Note or Residual Certificate and (3) is not acquiring such Note or Residual Certificate or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Seller has advised the Issuer and the Joint Lead Managers that it will not provide a U.S. Risk Retention Waiver to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which securities are issued) (as determined by fair value under US GAAP) of all Classes of Notes and Residual Certificates to be sold or transferred to Risk Retention U.S. Persons on the Closing Date.

There can be no assurance that the requirement to request that the Seller provide its prior written consent to the purchase of any Notes or Residual Certificates by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether failure of the transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes, the Residual Certificates or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Issuer nor the Joint Lead Managers or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes or Residual Certificates as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

¹ The comparable provision from Regulation S states "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts".

(j) *Certain risks in respect of the potential financing of the Retention by the Retention Holder*

Paratus (in its capacity as Retention Holder) may from time to time enter into financing arrangements in relation to the Retention. Such financing arrangements could include, among other things, the incurrence of indebtedness by Paratus secured over the Retention or the entry into repurchase or other arrangements pursuant to which Paratus may transfer title to the Retention as collateral. Where Paratus (in its capacity as Retention Holder) does enter into such financing via repurchase arrangements, Paratus' current intention is that there would be no haircut on the transfer of the Retention to the relevant counterparty or, unless any Event of Default has occurred under the Notes, any obligation on Paratus to provide mark-to-market margining. Paratus' current intention is that the scheduled term of such financing would align with the Final Maturity Date of the Notes. Noteholders should also be aware that any incurrence of debt by Paratus, including that used to finance the acquisition of the Retention, could potentially lead to an increased risk of the Seller becoming insolvent and therefore unable to fulfil its obligations in its capacity as Retention Holder.

Although such arrangements are permitted by the UK Securitisation Regulation and the EU Securitisation Regulation (subject to meeting specified criteria), if Paratus or the provider of such financing defaults in the performance of its obligations there could be circumstances in which Paratus may cease to hold some or all of the Retention (whether as a result of the enforcement of a security interest or the retention of Notes provided pursuant to a title transfer collateral arrangement). There can be no assurance that any provider of finance to Paratus would be required to have regard to the UK Securitisation Regulation and the EU Securitisation Regulation when exercising its rights under the relevant financing arrangement and any associated security or collateral arrangements. The enforcement of those rights could, therefore, cause the transaction described in this Prospectus to be non-compliant with the risk retention requirements of the UK Securitisation Regulation and the EU Securitisation Regulation. This may affect the price and liquidity of the Notes, and Notes held by other investors could be subject to increased regulatory capital charges levied by a relevant regulator with jurisdiction over any such investors. Similarly, if the enforcement of those rights were to cause the transaction to be non-compliant with the risk retention requirements of the EU Securitisation Regulation, the price and liquidity of the Notes may be affected.

Noteholders should also be aware that the terms of any retention financing could be such that certain parties to it would benefit from a situation where credit losses are incurred on the Retention. Such parties may not otherwise be parties to the Transaction Documents and, as such, have no direct rights to control or influence the performance of the transactions contemplated by the Transaction Documents. Furthermore, when exercising its rights in connection with the retention financing, the relevant parties would have no duties or obligations to consider the effect of any such actions to the Noteholders.

(k) *The EU CRA Regulation and UK CRA Regulation*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, EU-regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (i) endorsed by a UK registered credit rating agency; or (ii) issued by a third country credit rating agency that is certified in accordance with the UK

CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use, for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Moody's or S&P, each of which is a credit rating agency established in the UK and registered under the UK CRA Regulation.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

(l) Transparency Requirements

The Issuer has been appointed as the designated entity under Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Issuer). The Issuer has appointed the Servicer and the Cash Manager to assist the Issuer in the performance of certain of the Issuer's obligations (as applicable) under Article 7 of the UK Securitisation Regulation. In addition, subject to certain conditions, the Seller has contractually agreed to provide (or to procure the provision of) information and reports required pursuant to Article 7 of the EU Securitisation Regulation (as if it were applicable to it). For further information please refer to the sections entitled "*General Information*", "*Summary of the Key Transaction Documents – Servicing Agreement*" and "*Summary of the Key Transaction Documents – Cash Management Agreement*".

The Seller (as originator for purposes of the UK Securitisation Regulation) undertakes to the Issuer and the Security Trustee in the Mortgage Sale Agreement to at all times comply with the UK Securitisation Regulation. The Seller (as originator for the purposes of the EU Securitisation Regulation) undertakes to the Issuer and the Security Trustee in the Mortgage Sale Agreement at all times comply with the EU Securitisation Regulation solely as it applies on the Closing Date (except with respect to Article 7 of the EU Securitisation Regulation, in relation to which compliance shall be on an ongoing basis), in respect of the provisions that would be applicable to it were the EU Securitisation Regulation applicable to it.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to the Investor Reports that are prepared pursuant to the Cash Management Agreement.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors, and none of the Issuer, the Joint Arrangers, any Joint Lead Manager, the Co-Manager, the Retention Holder, the Cash Manager or any of the other Transaction Parties makes any representation that any such information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

Please refer to the section entitled "*UK Securitisation Regulation and EU Securitisation Regulation*" above for further information on the implications of the EU and the UK risk retention requirements, the EU Securitisation Regulation and the UK Securitisation Regulation.

(m) English and Scottish law security and insolvency considerations

The Issuer will enter into the Deed of Charge and the Scottish Supplemental Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents – Deed of Charge*"). In certain circumstances, including the occurrence of certain insolvency (or certain pre-insolvency) events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 ("**CIGA**") which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period;

(ii) a ban on operation of or exercise of *ipso facto* clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the "**Restructuring Plan**") that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application of the new moratorium regime and the ban on *ipso facto* clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK Government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions to the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency restructuring proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English or Scottish insolvency laws or the laws affecting the creditors' rights generally).

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986 (in respect of English law), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

(n) Provisions of the Corporate Insolvency and Governance Act 2020 may limit the Security Trustee's ability to enforce the Security

The CIGA introduces significant new corporate restructuring tools to the UK insolvency regime. The principal elements of the CIGA are a moratorium on certain actions taken against eligible companies, a prohibition on termination of certain contracts triggered by certain insolvency-related events of an eligible company (the "***ipso facto* termination provisions**") and a new compromise procedure which allows for a 75 per cent. majority of creditors or members in each class to bind others in the same class even if they do not vote in favour. It is also possible for one class of creditors to bind all others, including secured creditors (a "**cross-class cram down**"). In addition, the "small companies" moratorium which was introduced by the Insolvency Act 2000 is repealed by the CIGA and a new moratorium process is introduced instead.

The Issuer is not expected to be an eligible company for the purposes of either the moratorium provisions or of the *ipso facto* termination provisions of the CIGA, as the Issuer is expected to be a securitisation company within the meaning of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended). The Issuer is further not expected to be an eligible company for the purposes of the moratorium provisions, and the Transaction Documents are not expected to be subject to the *ipso facto* termination provisions, because the Transaction is expected to constitute a "capital market arrangement" and the Notes a "capital market investment" (each as defined under paragraphs 13 and 14 of new schedule ZA1 to the Insolvency Act 1986 introduced by CIGA) (in respect of English law). That said, if for any reason the Issuer is an eligible company for the purposes of the moratorium or the *ipso facto* termination provisions, application of these provisions could result in a material adverse effect on the ability of Noteholders to accelerate their debts and enforce the security granted under the Deed of Charge in a timely manner, which in turn may result in material losses being incurred by Noteholders and/or Certificateholders.

Further, although the Issuer is theoretically within the scope of the new cross-class cram down provisions, given the fact that it is established as an insolvency remote vehicle, with limited third party creditors and where its Secured Creditors have entered into non-petition covenants and limited recourse provisions it is unlikely to fulfil the prerequisites for the cross-class cram down to apply in practice. If, however, the cross-class cram down

provisions were to be used in respect of the Issuer, it would be possible under some circumstances for 75 per cent. by value of the creditors in one class to approve a compromise and thereby "cram down" dissenting classes of creditors, which, if approved by the court, may result in material losses being incurred by Noteholders and/or Certificateholders.

The inability of the Servicer (acting on behalf of the Issuer) to obtain timely and complete payment of debts from Borrowers may in turn have a material adverse effect on the ability of the Issuer to make timely and complete payments under the Notes and/or Residual Certificates.

(o) Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities and may thereby affect the liquidity of such securities (including the Notes). Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Lead Managers, the Co-Manager, the Joint Arrangers or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment in the Notes on the Closing Date or at any time in the future.

Investors should note in particular that the Basel Committee on Banking Supervision ("**BCBS**") has approved a series of significant changes to the Basel framework for prudential regulation (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II frameworks in Europe and the UK, both of which are under review and subject to further reform. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

In addition, investors should be aware of the due diligence requirements in respect of various types of institutional investors with an EU nexus. These include credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provisions. Depending on the regulatory requirements application to such investors, failure to comply with the due diligence requirements under the EU Securitisation Regulation and the UK Securitisation Regulation may result in an additional risk weight, regulatory capital charge and/or other regulatory sanction being applied to such securitisation investment and/or the affected investor. See the Risk Factor entitled "*UK Securitisation Regulation and EU Securitisation Regulation*".

The risk retention and due diligence requirements described above apply, in respect of the Notes. With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Servicer or the Cash Manager on the Issuer's behalf), please see the statements set out in the section of this Prospectus headed "*Risk Retention Requirements*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Servicer, the Retention Holder, the Seller, the Joint Arrangers, the Joint Lead Managers, the Co-Manager or any other party makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

(p) Impact of recent derivative reforms on the Swap Agreements

As noted above, the Collateralised Rated Notes will have the benefit of certain derivative instruments, namely the interest rate swaps in respect of the Notes. In this regard, it should be noted that the derivatives markets are subject to extensive regulation in a number of jurisdictions, including in the UK pursuant to UK EMIR, in Europe pursuant to EU EMIR as amended and in the U.S. under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

It is possible that such regulation will increase the costs of and restrict participation in the derivatives markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivatives markets. If applicable in the context of the Swap Agreements, such additional requirements, corresponding increased costs and/or related limitations on the ability of the Issuer to hedge certain risks may reduce amounts available to the Issuer to meet its obligations and may result in investors receiving less interest or principal than expected.

With respect to the risks referred to above, see also "*Impact of UK EMIR and EU EMIR on the Swap Agreements*" below for further details.

(q) Impact of UK EMIR and EU EMIR on the Swap Agreements

UK EMIR and EU EMIR prescribe a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts ("**Clearing Obligation**"); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing ("**Risk Mitigation Requirements**"); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of a Swap Agreement will depend on the classification of the counterparties to such derivative transactions.

Pursuant to UK EMIR and EU EMIR, counterparties can be classified as: (i) financial counterparties ("**FCs**") (which includes a sub-category of small FCs ("**SFCs**")), and (ii) non-financial counterparties ("**NFCs**"). The category of "NFC" is further split into: (i) non-financial counterparties above the "clearing threshold" ("**NFC+s**"); and (ii) non-financial counterparties below the "clearing threshold" ("**NFC-s**"). Whereas FCs and NFC+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

The Issuer is currently an NFC- for the purposes of UK EMIR and a third country equivalent to NFC- (a "**TCE NFC**") for the purposes of EU EMIR, although a change in its position cannot be ruled out and no assurances can be given that any future changes made to UK EMIR and/or EU EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above. Should the status of the Issuer change to NFC+ or FC for the purposes of UK EMIR and/or a third country equivalent to a NFC+ or FC for the purposes of EU EMIR (a "**TCE NFC+**" or a "**TCE FC**"), this may result in the application of the relevant Clearing Obligation or the collateral exchange obligation and daily valuation obligation under the relevant Risk Mitigation Requirements, although it seems unlikely that the Swap Agreements would be a relevant type of OTC derivative contract that would be subject to any Clearing Obligation under the relevant implementing measures made to date. It should also be noted that the collateral exchange obligations should not apply in respect of any swaps entered into prior to the relevant application date, unless such a swap is materially amended on or after that date.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the Clearing Obligations and the collateral exchange obligation were they to be applicable, which may: (i) lead to regulatory sanctions; (ii) adversely affect the ability of the Issuer to continue to be party to a swap agreement (possibly resulting in a restructuring or termination of the swap) or to enter into swap agreements; and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

The Issuer will be required to continually comply with UK EMIR and, in respect of the NATIXIS Swap Agreement, EU EMIR, while it is party to any interest rate swaps, including any additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Documents as detailed above in "*Risks relating to the changes to the structure and the documents – Meetings of Noteholders and Certificateholders, Modification and Waivers*". Subject to receipt by the Note

Trustee of a certificate from the Issuer (or the Servicer on its behalf) or the Swap Counterparties, as appropriate, certifying to the Note Trustee and the Security Trustee that the amendments requested by the Issuer are to be made solely for the purpose of enabling the Issuer and/or the Swap Counterparties to comply with any requirements under UK EMIR and/or EU EMIR, the Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents shall be obliged, without any consent or sanction of the Noteholders, to concur with the Issuer, in making any modification (other than in respect of a Basic Terms Modification) to the Conditions or any other Transaction Document to which either the Note Trustee or the Security Trustee is a party in order to enable the Issuer to comply with any requirements which apply to it under UK EMIR and/or EU EMIR, subject to the provisos described more fully in Condition 13.6. The UK government has indicated that UK EMIR will be repealed with domestic legislation under the FSMA. However, UK EMIR is not subject to immediate policy review or reform and so substantive requirements are not expected to change as a result of the repeal and replacement of UK EMIR.

(r) General Regulatory Considerations

No assurance can be given that any relevant regulatory authority will not in the future take action or that future adverse regulatory developments will not arise with regard to the mortgage market in the UK generally, the buy-to-let mortgage loan market or specifically in relation to the Seller or the Servicer. Any such action or developments may have a material adverse effect on the Mortgage Loans, the Seller, the Issuer or the Servicer and their respective businesses and operations. In particular, the cost of compliance with any such regulation, action or requirement may adversely affect the ability of the Issuer to meet its financial obligations under the Transaction Documents and the Notes.

See the section entitled "*Information Relating to the Regulation of Mortgages in the UK*" for more detail.

(s) Fairer Private Rented Sector White Paper

On 21 July 2019, the government launched a 12-week consultation (the "**2019 Consultation**") seeking views on how Section 21 of the Housing Act 1988 (which allows landlords (and consequently any mortgagor seeking to enforce on the relevant property) to gain possession of a property without providing a reason) had been used, and how and when landlords should be able to regain possession on the grounds set in reformed Section 8 of the Housing Act 1988. On 16 June 2022, the Secretary of State for Levelling up, Housing and Communities published (i) a response to the 2019 Consultation; and (ii) the "Fairer Private Rented Sector White Paper" (the "**PRS White Paper**") proposing certain changes to the private rental sector in England, designed to, amongst other things, give tenants greater protection of tenure and rent revisions as well as extending the application of the Decent Homes Standard to the private sector. The proposals set out in the PRS White Paper would abolish the ability of a landlord (and consequently any mortgagor seeking to enforce on the relevant property) to gain "no-fault" possession of a property pursuant to Section 21 of the Housing Act 1988. Whilst the PRS White Paper does propose permitting a landlord (and consequently any mortgagor seeking to enforce on the relevant property) to gain vacant possession of a property in the event that the landlord or any mortgagor, as applicable, is seeking to sell the relevant property, if this or a similar valid reason for possession is not included in any legislative changes, this could have an adverse effect on the realisable value of a property if a landlord or mortgagor, as applicable, was forced to sell with a sitting tenant and therefore without vacant possession. Any reduction in the realisable value of a property could have an adverse effect on the amount available for Borrowers to repay their relevant Loans and consequently on the ability of the Issuer to make payments under the Notes.

The PRS White Paper contains proposals to be made to the private rented sector, to be implemented on a staged basis. No certainty can be given as to the timing of such introduction or that the current proposals will be introduced in their current form or at all. The impact of the proposed changes on the U.K. market for properties similar to the Properties is not yet clear.

The PRS White Paper does not apply to Scotland where tenants in the private rental sector have already been granted greater security of tenure by the Private Housing (Tenancies) (Scotland) Act 2016 (as amended).

8. Tax Risks

(a) UK Special Regime for the Taxation of Securitisation Companies

The Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Regulations**") were made under section 84 of the Finance Act 2005 on 11 December 2006 to deal with the corporation tax position of securitisation companies such as the Issuer with effect for their periods of account beginning on or

after 1 January 2007. If the Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. Based on advice received, the Issuer considers that it will be taxed under the special taxation regime for which provision is made by the Regulations and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Regulations) for so long as it satisfies the conditions of the Regulations. Investors should note, however, that the Regulations are in short form and it is expected that advisers will rely significantly upon the published guidance of HMRC when advising on the scope and operation of the Regulations, including whether any particular company falls within the regime provided for in the Regulations. Investors should note that if the Issuer did not fall to be taxed under the Regulations (or subsequently ceases to satisfy the conditions) then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities not contemplated in the cashflows for the transaction described in this Prospectus. In addition, in such circumstances, interest paid on the Notes could be disallowed for United Kingdom corporation tax purposes, which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen tax liabilities in the Issuer could have an adverse effect on its ability to make payments to Noteholders and may result in investors receiving less interest and/or principal than expected.

(b) Withholding Tax under the Notes

Provided that the Notes are and continue to be "listed on a recognised stock exchange" (within the meaning of section 1005, and for the purposes of section 987, of the Income Tax Act 2007), as at the date of this Prospectus, no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Notes. However, there can be no assurance that the law in this area will not change during the life of the Notes.

In the event that withholding taxes are imposed in respect of payments due in respect of the Notes, neither the Issuer nor any of the Agent Bank, the Principal Paying Agent, the Paying Agents and the Registrar (together the "**Agents**") nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts received as a result of the imposition of such withholding taxes. However, in such circumstances, the Issuer will, in accordance with Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), redeem the Notes, following a Redemption Event Purchase Completion Date, where such requirement cannot be avoided by the Issuer appointing a Paying Agent in another jurisdiction or using its reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee in accordance with Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*).

The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest on the Notes is discussed further under "*Taxation – United Kingdom Taxation*".

9. Risks relating to the characteristics of the Notes

(a) The minimum denominations of the Notes may adversely affect payments on the Notes if issued in definitive form

The Notes are issued in the denomination of £100,000 per Note. However, for so long as the Notes are represented by Global Notes, and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable in minimum nominal amounts of £100,000 and integral multiples of £1,000 thereafter. If Definitive Notes are required to be issued in respect of the Notes represented by Global Notes, they will only be printed and issued in denominations of £100,000 and any amount in excess thereof in integral multiples of £1,000. Accordingly, if Definitive Notes are required to be issued in respect of the Global Notes, a Noteholder holding an interest in a Global Note of less than the minimum authorised denomination at the relevant time may not receive a Definitive Note in respect of such holding and may need to purchase a principal amount of the relevant Class of Notes such that their holding amounts to the minimum authorised denomination. If Definitive Notes are issued in respect of the Global Notes, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

(b) Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

The Common Safekeeper will be considered the holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Notes under the Trust Deed while the Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to the clearing systems. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee or any Agent or any of their agents or Affiliates will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*". There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Security Trustee, any Agent or any of their agents or Affiliates, will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg, or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to sell such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

(c) Eurosystem eligibility

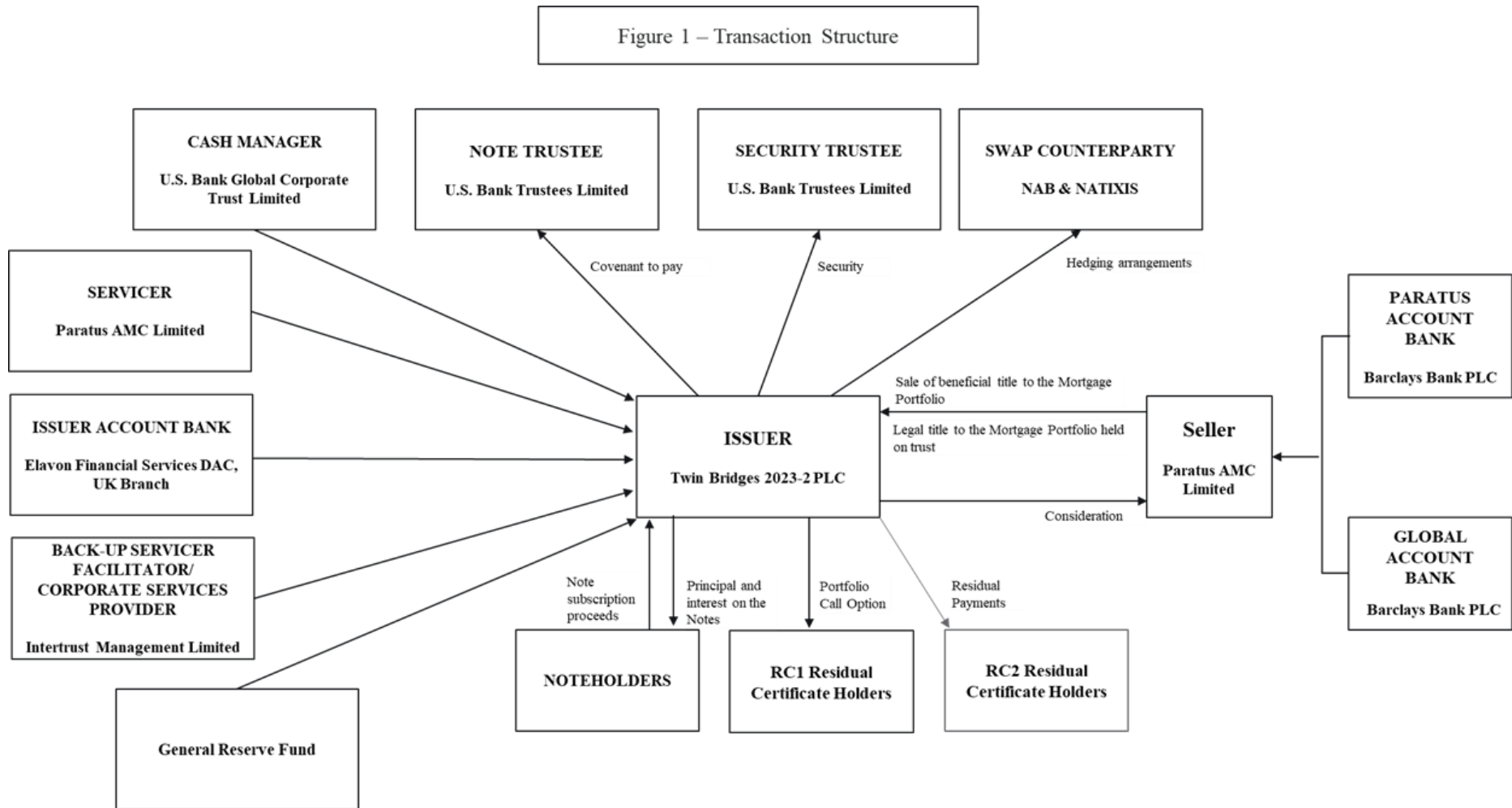
The Notes are, upon issuance, intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended, upon issue, to be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg but does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem Eligible Collateral.

(d) Bank of England eligibility

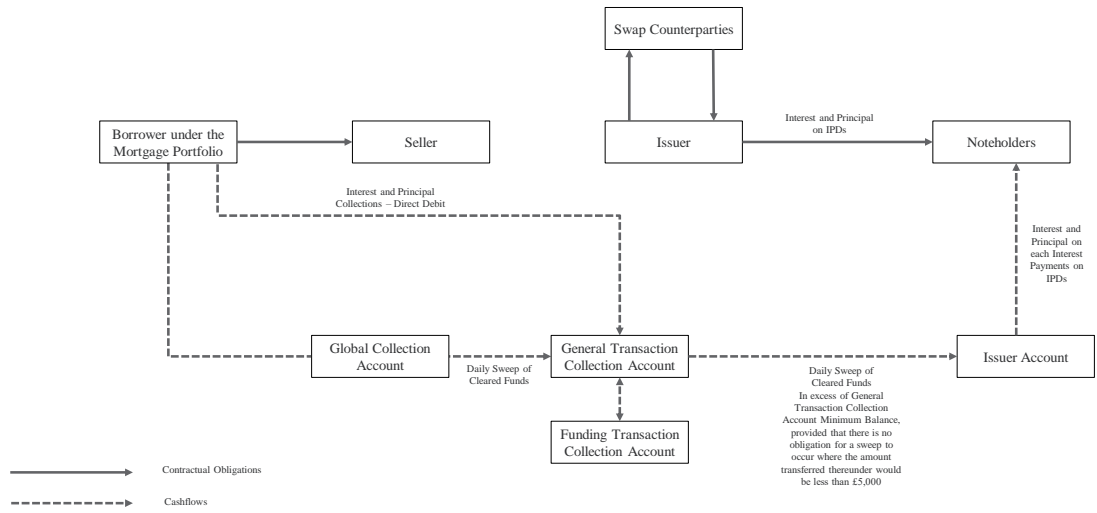
Certain investors in the Class A Notes may wish to consider the use of the Class A Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility ("**DWF**"). Recognition of the Class A Notes as eligible securities for the purposes of the DWF will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Class A Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Class A Notes will not be eligible DWF collateral. None of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Co-Manager or the Seller gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any times during their life, satisfy all or any requirements for the DWF eligibility and be recognised as eligible DWF collateral. Any potential investor in the Class A Notes should make its own determinations and seek its own advice with respect to whether or not the Class A Notes constitute eligible DWF collateral. No assurance can be given that the Class A Notes will be eligible securities for the purposes of the DWF and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOWS



OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

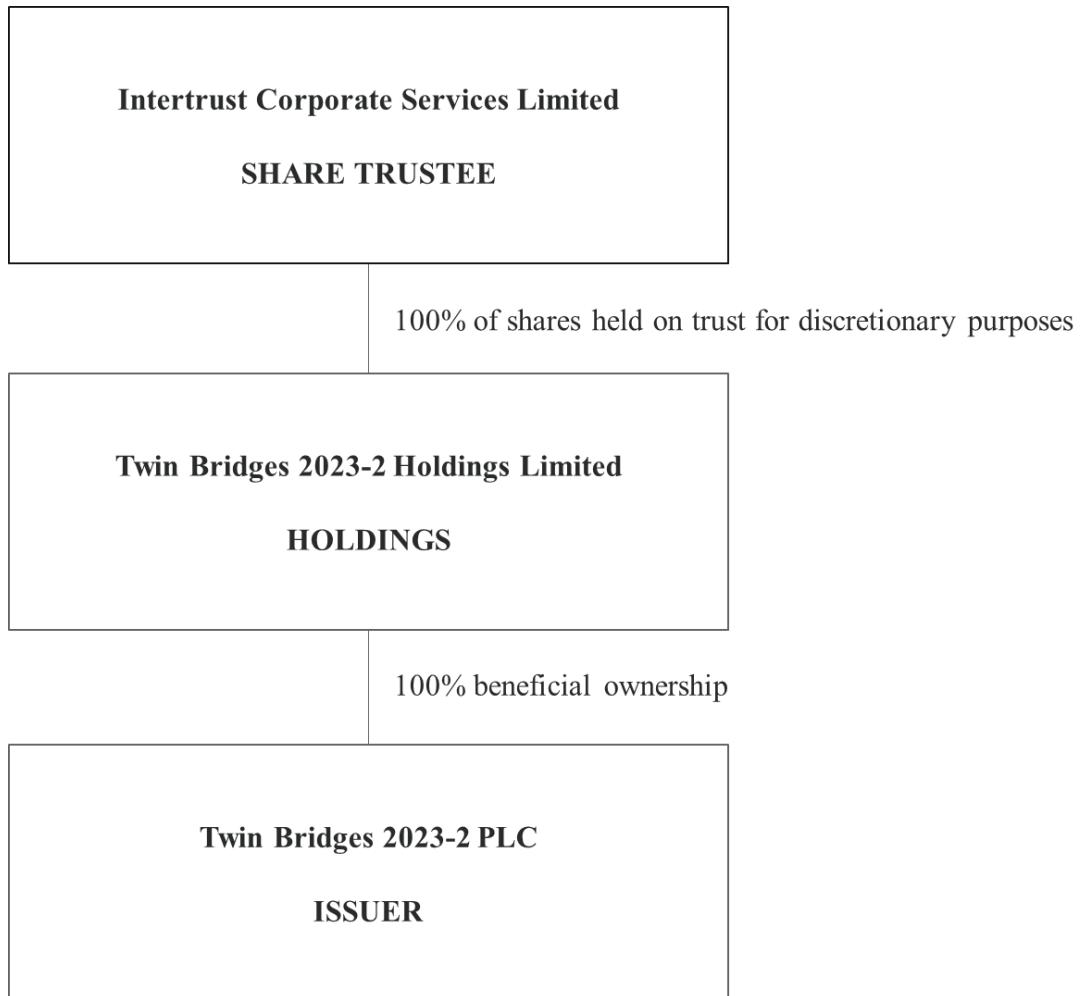


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The Issuer is a wholly owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

PARTIES

The information set out below is an overview of the Transaction Parties. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.

You should read the entire Prospectus carefully, especially the risks of investing in the Collateralised Rated Notes discussed under "Risk Factors".

Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

Details of the Transaction Parties and certain other entities involved in the Transaction have (for ease of reference) been set out in this section of this Prospectus.

Transaction Parties:

<u>Party</u>	<u>Name</u>	<u>Address</u>	<u>Document under which appointed/Further Information</u>
"Issuer"	Twin Bridges 2023-2 PLC	1 Bartholomew Lane, London EC2N 2AX United Kingdom	See the section entitled " <i>The Issuer</i> " for further information.
"Holdings"	Twin Bridges 2023-2 Holdings Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	See the section entitled " <i>Holdings</i> " for further information.
"Seller"	Paratus	5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA	See the sections entitled " <i>Summary of the Key Transaction Documents – Mortgage Sale Agreement</i> " and " <i>The Seller, Retention Holder and Servicer</i> " for further information.
"Retention Holder" and "Paratus"	Paratus	5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA	See the section entitled " <i>The Seller, Retention Holder and Servicer</i> " for more information.
"Servicer"	Paratus	5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA	The Servicing Agreement. See the section entitled " <i>Summary of the Key Transaction Documents – Servicing Agreement</i> " and " <i>The Seller, Retention Holder and Servicer</i> " for further information.
"NAB Swap Counterparty"	National Australia Bank Limited	395 Bourke Street, Melbourne VIC 3000, Australia	The NAB Swap Agreement. See sections entitled " <i>Summary of the Key Transaction Documents – Swap Agreement</i> " for further information.
"NATIXIS Swap Counterparty"	NATIXIS	7 promenade Germaine Sablon, Tour BPCE Est, 75013 Paris, France	The NATIXIS Swap Agreement. See sections entitled " <i>Summary of the Key Transaction Documents – Swap Agreement</i> " for further information.
"Back-Up Servicer Facilitator"	Intertrust Management Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	The Servicing Agreement. See the section entitled " <i>Summary of the Key Transaction Documents –</i>

Party	Name	Address	Document under which appointed/Further Information
"Cash Manager"	U.S. Bank Global Corporate Trust Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	<i>"Servicing Agreement"</i> for further information. The Cash Management Agreement. See the sections entitled <i>"Summary of the Key Transaction Documents – Cash Management Agreement"</i> and <i>"Cash Manager"</i> for further information.
"Issuer Account Bank"	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Issuer Account Bank Agreement. See the sections entitled <i>"Summary of the Key Transaction Documents – Issuer Account Bank Agreement"</i> and <i>"Issuer Account Bank"</i> for further information.
"Global Collection Account Bank"	Barclays Bank PLC	One Churchill Place, London E14 5HP	The Collection Account Bank Agreement. See the section entitled <i>"Summary of the Key Transaction Documents – Global Collection Account Declaration of Trust and Deed of Accession to Global Collection Account Trust Declaration of Trust"</i> , and <i>"The Global Collection Account Bank and Collection Account Bank"</i> for further information.
"Collection Account Bank"	Barclays Bank PLC	One Churchill Place, London E14 5HP	The Collection Account Bank Agreement. See the section entitled <i>"Summary of the Key Transaction Documents – Portfolio Transaction Accounts Declaration of Trust"</i> and <i>"The Global Collection Account Bank and Collection Account Bank"</i> for further information.
"Security Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Deed of Charge. See the sections entitled <i>"Terms and Conditions of the Notes"</i> and <i>"Security Trustee and Note Trustee"</i> for further information.
"Note Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Trust Deed. See the sections entitled <i>"Terms and Conditions of the Notes"</i> and <i>"Security Trustee and Note Trustee"</i> for further information.
"Principal Paying Agent" and "Agent Bank"	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Agency Agreement. See the section entitled <i>"Terms and Conditions of the Notes"</i> for further information.
"Registrar"	Elavon Financial Services DAC	Block F1, Cherrywood Business Park,	In respect of the Notes and Residual Certificates, the Agency

Party	Name	Address	Document under which appointed/Further Information
		Cherrywood, Dublin 18, Ireland D18 W2X7	Agreement, by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " and " <i>Terms and Conditions of the Residual Certificates</i> " for further information.
"Corporate Services Provider"	Intertrust Management Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	The Corporate Services Agreement. See the section entitled " <i>The Corporate Services Provider</i> " for further information.
"Share Trustee"	Intertrust Corporate Services Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	The Share Trust Deed by the Share Trustee.
Other entities involved on the Transaction which are not Transaction Parties:			
"Joint Arranger" and "Joint Lead Manager"	Deutsche Bank AG, London Branch	Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Joint Arranger" and "Joint Lead Manager"	Lloyds Bank Corporate Markets plc	10 Gresham Street, London EC2V 7AE, United Kingdom	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Joint Lead Manager"	NATIXIS	7 promenade Germaine Sablon, Tour BPCE Est, 75013 Paris, France	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Joint Lead Manager"	National Australia Bank Limited	52 Lime Street, London, EC3M 7AF United Kingdom	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Joint Lead Manager"	BNP Paribas	16 boulevard des Italiens, 75009 Paris, France	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Joint Lead Manager"	BofA Securities	2 King Edward Street London EC1A 1HQ	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Co-Manager"	Apollo Management International LLP	1 Soho Place, London W1D 3BG United Kingdom	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
"Competent Authority"	Central Bank of Ireland	New Wapping Street, North Wall Quay, Dublin 1, Ireland	N/A
"Stock Exchange"	Euronext Dublin	28 Anglesea Street, Dublin 2, Ireland	N/A
"Clearing Systems"	Euroclear Bank S.A./N.V.	1, Boulevard du Roi Albert II B - 1210 Brussels Belgium	N/A

Party	Name	Address	Document under which appointed/Further Information
"Rating Agencies"	Moody's Investors Service Limited	1 Canada Square, Canary Wharf London E14 5FA	N/A
	S&P Global Ratings Europe Limited (S&P Global)		
	25 Ropemaker Street, London, EC2Y 9LYN/A		
"Originator"	Paratus	5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA	See the section entitled " <i>The Originator</i> " for further information.
"Initial Lender of Record"	Landbay Partners Limited	3 rd Floor 9-11 Grosvenor Gardens London SW1W 0BD	See the section entitled " <i>The Initial Lender of Record</i> " for further information.

MORTGAGE PORTFOLIO AND SERVICING

Please refer to the sections entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement", "Summary of the Key Transaction Documents – Servicing Agreement", "Characteristics of the Provisional Mortgage Portfolio" and "The Mortgage Portfolio and the Mortgage Loans" for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

Sale of the Mortgage Portfolio:

The Mortgage Portfolio will consist of the Mortgage Loans and their Related Security which will be sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement.

The Mortgage Loans and their Related Security are governed by English law and the Scottish Mortgage Loans and their Related Security are governed by Scots law.

The Mortgage Loans in the Mortgage Portfolio have been originated by the Seller directly or, in respect of the Landbay Mortgage Loans, under the lending platform established by Landbay, with Landbay as initial lender of record. With respect to the Mortgage Loans originated under the lending platform established by Landbay, with Landbay as initial lender of record, all related mortgage applications were underwritten by the Seller using the Seller's systems and processes and each such Mortgage Loan was funded at origination by the Seller and the legal title of which has since been transferred to the Seller.

The terms "sale", "sell" and "sold" when used in this Prospectus in connection with the Mortgage Loans and their Related Security shall be construed to mean (i) in relation to the English Mortgage Loans each such creation of an equitable interest and such equitable assignment, of such Mortgage Loans and their Related Security and (ii) in relation to the Scottish Mortgage Loans, the creation of a beneficial interest in such Scottish Mortgage Loans and their Related Security under each Scottish Declaration of Trust. The terms "repurchase" and "repurchased" when used in this Prospectus in connection with a Mortgage Loan and its Related Security shall be construed to include: (A) the repurchase of the beneficial interest of the Issuer in respect of such Mortgage Loan and its Related Security (to the extent that it is an English Mortgage Loan) and the repurchase of the beneficial interest in respect of such Mortgage Loan and its Related Security (to the extent that it is a Scottish Mortgage Loan) under the relevant Scottish Declaration of Trust and the release of such Mortgage Loan and its Related Security from the relevant Scottish Declaration of Trust; and (B) the purchase by the Seller of such Mortgage Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio will not be given to the Borrowers and the Issuer will not apply to the Land Registry to register or record its equitable or beneficial interest in the Mortgages and may not in any event apply to the Registers of Scotland to register or record its beneficial interest under any Scottish trust created by the Scottish Declaration of Trust. Prior to the occurrence of a Perfection Event, the legal title to each Mortgage Loan and its Related Security in the Mortgage Portfolio will be held by the Seller on bare trust for the Issuer (and in respect of the Scottish Mortgage Loans and their Related Security, held on trust pursuant to the Scottish Declaration of Trust). Following a Perfection Event and notice of the transfer of the Mortgage Loans and their Related Security to the Issuer being sent to the relevant Borrowers and (in relation to Scottish Mortgage Loans) assignments of the Scottish Mortgage Loans and Scottish Mortgages being granted by the Seller, legal title to the Mortgage Loans and their Related Security (subject to appropriate registration or recording at the Land Registry or the Registers of Scotland) will pass to the Issuer.

Features of the Mortgage Loans:

Except as otherwise indicated, the following is a summary of certain features of the Mortgage Loans comprising the Provisional Mortgage Portfolio determined by reference to the features of each loan in the Provisional Mortgage Portfolio as at the Cut-Off Date. Investors are further referred to consider further details of the Provisional Mortgage Portfolio in the section of this Prospectus entitled "*The Mortgage Portfolio and the Mortgage Loans*".

The Mortgage Loans comprise loans to Borrowers and are secured by first priority charges over freehold and leasehold properties in England and Wales and by first ranking standard securities over heritable or long lease properties in Scotland.

Type of Borrower	Prime
Type of mortgage	Repayment, Part and Part and Interest Only
Buy-to-Let Mortgage Loans	100 per cent. by aggregate Principal Outstanding Balance
Number of loans in the Provisional Mortgage Portfolio	2,085
Owner-occupied properties	0 per cent. by aggregate Principal Outstanding Balance
Average Principal Outstanding Balance	£219,361.17
Weighted Average Current LTV (%)	69.23
Weighted Average Seasoning (months)	43.38
Weighted Average Remaining Term (years)	18.73

See the section entitled "*The Mortgage Portfolio and the Mortgage Loans – Lending Criteria*" for a description of how Current LTV has been calculated.

Consideration:

The consideration from the Issuer to the Seller in respect of the sale of the Mortgage Portfolio shall be: (a) the initial consideration in an amount equal to £457,368,049.79, which is due and payable on the Closing Date in respect of the Mortgage Portfolio (the "**Initial Purchase Price**"); and (b) further consideration consisting of (i) the right (but not the obligation) of the holder of the majority of the RC1 Residual Certificates to purchase the Mortgage Portfolio from the Issuer following the Interest Payment Date immediately preceding the Optional Redemption Date and (ii) the RC2 Payments in respect of the Mortgage Portfolio payable pursuant to the applicable Priority of Payments, the right to such RC2 Payments being represented by the RC2 Residual Certificates to be issued by the Issuer and delivered to, or at the direction of, the Seller on the Closing Date.

On the date being 15 Business Days after the Closing Date (or such other date agreed between the Issuer and the Seller) (the "**Reconciliation Date**"), the Cash Manager will (subject to the receipt of the relevant information from the Servicer) calculate:²

- (i) the Revenue Receipts in respect of the Mortgage Loans received from (and including) the Closing Date to (and including) 30 November 2023,

² Closing Revenue Receipts and Closing Redemption Receipts to be confirmed.

to the extent that the same has not otherwise been received by the Issuer (the "**Closing Revenue Reconciliation Amount**");

- (ii) the difference (if any) between the Principal Outstanding Balance of the Mortgage Loans as at the close of business on the Cut-Off Date and the Principal Outstanding Balance of the Mortgage Loans as at the close of business on the Business Day immediately preceding the Closing Date, being an amount representing an aggregate of all amounts referred to in the definition of Redemption Receipts (to the extent applicable and, for the avoidance of doubt, other than paragraphs (b) and (e) of the definition of Redemption Receipts) received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as determined by the Cash Manager on the Reconciliation Date (the "**Closing Redemption Reconciliation Amount**", together with the Closing Revenue Reconciliation Amount the "**Closing Reconciliation Amounts**").

In accordance with the Cash Management Agreement, the Servicer has agreed to provide all relevant information to the Cash Manager which the Cash Manager requires to determine the Closing Reconciliation Amounts.

Following the determination of the Closing Reconciliation Amounts, the Seller shall be required to make a payment to the Issuer Account in an amount equal to such Closing Reconciliation Amounts no later than seven Business Days after the Reconciliation Date. The Issuer shall distribute such Closing Reconciliation Amounts on the first Interest Payment Date after the Reconciliation Date in accordance with the applicable Priority of Payments. The payment by the Seller of the Closing Reconciliation Amounts shall constitute a reduction of the Initial Purchase Price.

Certificateholders:

RC2 Payments will be paid to the RC2 Certificateholders in accordance with the Pre-Enforcement Revenue Priority of Payments or, if applicable, the Post-Enforcement Priority of Payments. The holder of the majority of the RC1 Residual Certificates shall have the right (but not the obligation) to purchase the Mortgage Portfolio from the Issuer following the Interest Payment Date immediately preceding the Optional Redemption Date.

Representations and Warranties:

The Seller will make certain Mortgage Loan Warranties regarding the Mortgage Loans and Related Security to the Issuer and the Security Trustee in relation to the Mortgage Loans and their Related Security comprising the Mortgage Portfolio (i) on the Closing Date and (ii) for any Mortgage Loan which has been subject to a Product Switch, the Switch Date for such Mortgage Loan which include, among others, the following:

- (a) each Mortgage constitutes a first ranking charge or security by way of legal mortgage or standard security;
- (b) all steps necessary to perfect the vesting of the legal title to each Mortgage Loan and the related Mortgage in the Seller have been duly taken;
- (c) each Mortgage Loan was originated in, is denominated, in and all amounts in respect of such Mortgage Loan are payable in, sterling and may not be changed by the relevant Borrower to any other currency; and
- (d) each Property is a residential property situated in England and Wales or Scotland.

See the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" and "*Assignment of the Mortgage Loans and Related*

Security – Mortgage Loan Warranties and Breach of Mortgage Loan Warranties" for further details.

Repurchase of the Mortgage Loans and Related Security:

The Seller is liable for the repurchase of the relevant Mortgage Loans and their Related Security (or in the case of the non-existence of a Mortgage Loan, the indemnification of the Issuer and the Security Trustee) upon:

- a breach of Mortgage Loan Warranties given by the Seller on the Closing Date and, for any Mortgage Loan which has been subject to a Product Switch, the Switch Date for such Mortgage Loan (which the Seller fails to remedy within a 65-day grace period (the "**Grace Period**")); or
- a breach of Product Switch Conditions as at the Testing Date in respect of such Mortgage Loan subject to a Product Switch (which is either not capable of remedy or if the Seller failed to remedy it within a 65-day Grace Period which starts from the date on which a Notice of Non-Satisfaction of Product Switch Conditions was served on the Issuer and Seller).

The Seller shall have no liability for a breach of a Mortgage Loan Warranty or Product Switch Conditions other than the obligation to repurchase (or indemnify in the case of the non-existence of a Mortgage Loan) in accordance with the terms of the Mortgage Sale Agreement.

The Seller will also agree in the Mortgage Sale Agreement that, among other things, if a term relating to the recovery of interest (other than a term upon which the Servicer has confirmed on or before the Closing Date that it no longer relies) under the Standard Documentation applicable to any Mortgage Loan sold by it to the Issuer is at any time on or after the Closing Date found by a competent court, or other competent authority or any ombudsman or regulator to be an unfair term (for the purposes of the UTCCR or the CRA), it shall repurchase or procure the repurchase of the Mortgage Loan concerned and its Related Security.

Consideration for repurchase:

The price payable by the Seller upon the repurchase of any Mortgage Loan and its Related Security (or the amount of any indemnification in the case of the non-existence of a Mortgage Loan) (the "**Repurchase Price**") will be the Current Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase plus an amount equal to the Issuer's reasonable costs or any other reasonable expenditure in relation to such repurchase (if any). See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties and Product Switch Conditions*" for further information.

Perfection Events and transfer of legal title to the Issuer:

Within 25 Business Days of receipt of written notice from the Issuer or the Security Trustee of the occurrence of any Perfection Event, the Seller will be required to execute transfers of legal title to the Mortgage Loans and their Related Security to the Issuer (or a nominee of the Issuer). The Seller shall be obliged to give notice of assignment or assignation of the Mortgage Loans to the Borrowers following the occurrence of a Perfection Event by serving relevant notices thereof on the Borrowers.

See the section entitled "*Assignment of the Mortgage Loans and Related Security*".

Servicing of the Mortgage Portfolio:

The Servicer agrees to service the Mortgage Loans to be sold to the Issuer and their Related Security on behalf of the Issuer and, where applicable, the Seller. Following the service of an Enforcement Notice, the Servicer shall act at the direction of the Security Trustee. The appointment of the Servicer may be terminated by the Issuer and/or the Security Trustee (subject to the terms of the Servicing Agreement) if any Servicer Termination Event occurs and is continuing

(see the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement – Termination of the appointment of the Servicer*").

Portfolio Call Option Holder may exercise the Portfolio Call Option:

Pursuant to the terms of the Deed Poll and the Portfolio Call Option granted therein, the Portfolio Call Option Holder may, subject to certain conditions, purchase all (but not some) of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio, at no less than the Portfolio Minimum Purchase Price. The Portfolio Call Option Holder may give notice of its exercise of such option no earlier than the Business Day immediately following the Interest Payment Date immediately preceding the Optional Redemption Date. Completion of the purchase by the Portfolio Call Option Holder will occur on the date specified in the Exercise Notice (the "**Optional Portfolio Purchase Completion Date**"), **provided that** the Optional Portfolio Purchase Completion Date shall fall on the Interest Payment Date immediately following the date of the Exercise Notice or such earlier other date as the Issuer, Note Trustee, Security Trustee and Portfolio Call Option Holder may agree, **provided that** such date may fall no earlier than six Business Days after the Collection Period End Date immediately preceding the Interest Payment Date immediately following the date of the Exercise Notice.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Call Option or the Risk Retention Regulatory Change Option*".

Purchase of Mortgage Portfolio pursuant to Risk Retention Regulatory Change Option:

Pursuant to the Mortgage Sale Agreement, following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention Holder certifying in writing to the Note Trustee and the Security Trustee that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Note Trustee and Security Trustee shall rely absolutely without liability to any person for so doing), the Retention Holder has the benefit of the Risk Retention Regulatory Change Option to require the Issuer to, on the date specified in the notice (such date the "**Risk Retention Regulatory Change Option Date**"):

- (a) sell and transfer to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) the beneficial title to the Mortgage Loans and their Related Security comprising the Mortgage Portfolio; and
- (b) (i) prior to a Perfection Event, transfer to the Retention Holder the right to call for legal title to the Mortgage Loans and their Related Security comprising the Mortgage Portfolio; or (ii) after a Perfection Event, to the extent the legal title to the Mortgage Loans and their Related Security comprising the Mortgage Portfolio has been vested in the Issuer, transfer to the Retention Holder such legal title to the Mortgage Loans and their Related Security,

in each case in accordance with and subject to the terms of the Mortgage Sale Agreement. Completion of the purchase by the Retention Holder will occur on the Risk Retention Regulatory Change Option Date, **provided that** the Risk Retention Regulatory Change Option Date shall fall on the Interest Payment Date immediately following the date of the Risk Retention Regulatory Change Option Exercise Notice or such other date (being no later than the Interest Payment Date following the service of the Exercise Notice on which the Notes are to be redeemed) as the Issuer, Note Trustee, Security Trustee and the Retention Holder may agree, provided that such date may fall no earlier than six Business Days after the Collection Period End Date immediately preceding the Interest Payment Date immediately following the date of the Risk Retention Regulatory Change Option Exercise Notice.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Call Option or the Risk Retention Regulatory Change Option*".

GENERAL TERMS AND CONDITIONS OF THE NOTES

Please refer to the section entitled "Terms and Conditions of the Notes" for further detail in respect of the terms of the Notes.

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes	RC1 Residual Certificates	RC2 Residual Certificates
Principal Amount:	£404,771,000	£28,586,000	£14,865,000	£9,147,000	£5,718,000	N/A	N/A
Credit enhancement features:	Accumulated Overcollateralisation arising in prior periods (if any), overcollateralisation funded by the Notes (other than the Class A Notes and the Class Z Notes), Available Revenue Receipts remaining after payment of interest on Class A Notes and all other amounts ranking in priority thereto, amounts standing to the credit of the Credit Reserve Ledger and, following the delivery of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Ledger	Accumulated Overcollateralisation arising in prior periods (if any), overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes and the Class Z Notes), Available Revenue Receipts remaining after payment of interest due in respect of the Class B Notes and all other amounts ranking in priority thereto, amounts standing to the credit of the Credit Reserve Ledger and, following the delivery of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Ledger	Accumulated Overcollateralisation arising in prior periods (if any), overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes and the Class Z Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class C Notes and all other amounts ranking in priority thereto, amounts standing to the credit of the Credit Reserve Ledger and, following the delivery of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Ledger	Accumulated Overcollateralisation arising in prior periods (if any), overcollateralisation funded by the Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class Z Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class D Notes and all other amounts ranking in priority thereto, amounts standing to the credit of the Credit Reserve Ledger and, following the delivery of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Ledger	Revenue Receipts remaining after replenishment of the Credit Reserve up to the Credit Reserve Required Amount and all other amounts ranking in priority thereto and, following the delivery of an Enforcement Notice, amounts standing to the credit of the Credit Reserve Ledger and the Liquidity Reserve Ledger	N/A	N/A
Liquidity support features:	Subordination in payment of interest of the Class B Notes, the Class C Notes, the Class D Notes, the Class Z Notes and the Residual	Subordination in payment of interest of the Class C Notes, the Class Z Notes and the Residual	Subordination in payment of the Class D Notes, the Class Z Notes and the Residual	Subordination in payment of the Class Z Notes and the Residual	Subordination in payment of the Residual Certificates and, following the delivery of an Enforcement Notice, the amounts credited to	N/A	N/A

	<u>Class A Notes</u>		<u>Class B Notes</u>		<u>Class C Notes</u>		<u>Class D Notes</u>		<u>Class Z Notes</u>		<u>RC1 Residual Certificates</u>	<u>RC2 Residual Certificates</u>
	Certificates, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Revenue Deficits, the availability of amounts credited to the Liquidity Reserve Ledger and the Credit Reserve Ledger		Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits, the conditional availability of amounts credited to the Liquidity Reserve Ledger (subject to the satisfaction of the Liquidity Availability Conditions (where applicable)), the availability of amounts standing to the credit of the Credit Reserve Ledger		applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits and the availability of amounts standing to the credit of the Credit Reserve Ledger and, following the delivery of an Enforcement Notice, the amounts credited to the Liquidity Reserve Ledger		Addition Amounts to conditionally provide for any Revenue Deficits and the availability of amounts standing to the credit of the Credit Reserve Ledger and, following the delivery of an Enforcement Notice, the amounts credited to the Liquidity Reserve Ledger		the Liquidity Reserve Ledger and the Credit Reserve Ledger			
Issue Price:	100%		100%		100%		100%		100%		N/A	N/A
Reference Rate:	Compounded SONIA	Daily	Compounded SONIA	Daily	Compounded SONIA	Daily	Compounded SONIA	Daily	N/A	N/A	N/A	N/A
Margin:	1.18% per annum		2.05% per annum		3.25% per annum		4.05% per annum		N/A		N/A	N/A
Step-Up Margin (from the Optional Redemption Date):	1.77% per annum		3.05% per annum		4.25% per annum		5.05% per annum		N/A		N/A	N/A
Interest Accrual Method:	Actual/365 (Fixed)		Actual/365 (Fixed)		Actual/365 (Fixed)		Actual/365 (Fixed)		N/A		N/A	N/A
Interest Payment Dates:	15th day of February, May, August and November in each year		15th day of February, May, August and November in each year		15th day of February, May, August and November in each year		15th day of February, May, August and November in each year		N/A		N/A	N/A
First Interest Payment Date:	15 May 2024		15 May 2024		15 May 2024		15 May 2024		N/A		N/A	N/A
Final Maturity Date:	The Interest Payment Date falling in May 2056		The Interest Payment Date falling in May 2056		The Interest Payment Date falling in May 2056		The Interest Payment Date falling in May 2056		The Interest Payment Date falling in May 2056		N/A	N/A

	<u>Class A Notes</u>	<u>Class B Notes</u>	<u>Class C Notes</u>	<u>Class D Notes</u>	<u>Class Z Notes</u>	<u>RC1 Residual Certificates</u>	<u>RC2 Residual Certificates</u>
Optional Redemption Date:	The Interest Payment Date falling in May 2027	The Interest Payment Date falling in May 2027	The Interest Payment Date falling in May 2027	The Interest Payment Date falling in May 2027	The Interest Payment Date falling in May 2027	N/A	N/A
Application for Exchange Listing:	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A	N/A
ISIN:	XS2715183237	XS2715184391	XS2715184714	XS2715185794	XS2715186099	XS2715196213	XS2715283532
Common Code:	271518323	271518439	271518471	271518579	271518609	271519621	271528353
CFI:	DAFNFR	DAFNFR	DAFNFR	DAFNFR	DAVNFR	DAXXFR	DAXXFR
FISN:	TWIN BRIDGES 20/ASST BKD 20560515	TWIN BRIDGES 20/ASST BKD 20560515	TWIN BRIDGES 20/ASST BKD 20560515	TWIN BRIDGES 20/ASST BKD 20560515	TWIN BRIDGES 20/VARASST BKD 2056051	TWIN BRIDGES 20/ASST BKD 20561115	TWIN BRIDGES 20/ASST BKD 20561115
Ratings (S&P/Moody's):	AAA/Aaa	AA/Aa1	A+/A2	BBB+/Baa1	N/A	N/A	N/A
Minimum Denomination:	£100,000	£100,000	£100,000	£100,000	£100,000	N/A	N/A
Governing law of the Notes/Residual Certificates:	English	English	English	English	English	English	English

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the UK and is registered under the UK CRA Regulation.

GENERAL CHARACTERISTICS OF THE NOTES AND THE RESIDUAL CERTIFICATES

Ranking and Form of the Notes: On the Closing Date, the Issuer will issue the following classes of Notes under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due May 2056 (the "**Class A Notes**");
- Class B Mortgage Backed Floating Rate Notes due May 2056 (the "**Class B Notes**");
- Class C Mortgage Backed Floating Rate Notes due May 2056 (the "**Class C Notes**");
- Class D Mortgage Backed Floating Rate Notes due May 2056 (the "**Class D Notes**"); and
- Class Z Notes due May 2056 (the "**Class Z Notes**"),

and together, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are the "**Collateralised Rated Notes**" together with the Class Z Notes are the "**Notes**" and the holders thereof, the "**Noteholders**".

The Notes will be issued in registered form. Each Class of Notes will be issued pursuant to Regulation S and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Notes*".

Residual Certificates: On the Closing Date, the Issuer will also issue to the Seller the RC1 Residual Certificates and RC2 Residual Certificates under the Trust Deed (together, the "**Residual Certificates**" and the holders thereof, the "**RC1 Certificateholders**" and the "**RC2 Certificateholders**"), representing (i) in the case of the majority holder of the RC1 Residual Certificates the right (but not the obligation) to purchase the Mortgage Portfolio from the Issuer following the Interest Payment Date immediately preceding the Optional Redemption Date; and (ii) in the case of the RC2 Residual Certificates, the right to receive the RC2 Payments, by way of further consideration in connection with the Issuer's purchase of the Mortgage Portfolio on the Closing Date.

Sequential Order: The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times. The Class A Notes will rank senior to all other Classes of Notes and the Residual Certificates in respect of payments of interest and principal at all times (as provided in the Conditions and the Transaction Documents).

The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times but subordinate to the Class A Notes (as provided in the Conditions and the Transaction Documents).

The Class C Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes (as provided in the Conditions and the Transaction Documents).

The Class D Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes (as provided in the Conditions and the Transaction Documents).

The Class Z Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to all payments due in respect of the Collateralised Rated Notes, as provided in the Conditions and the Transaction Documents.

The RC2 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC2 Payments at all times, and are subordinate to all payments due in respect of the Notes. No payments will be due in respect of the RC1 Residual Certificates.

Certain amounts due by the Issuer to its other Secured Creditors (and, prior to the service of an Enforcement Notice only, certain unsecured creditors) will rank in priority to all Classes of the Notes and Residual Certificates.

Security:

Pursuant to a deed of charge made between, among others, the Issuer and the Security Trustee (the "**Deed of Charge**"), the Notes and Residual Certificates will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security.

Pursuant to the Deed of Charge (or, in the case of (d) below, pursuant to the Scottish Supplemental Charge) on the Closing Date, the Notes and Residual Certificates will be secured by, among other things, the following security (the "**Security**"):

- (a) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed, the Deed of Charge, any Scottish Declaration of Trust, any Scottish Sub-Security and any Scottish Supplemental Charge) and any sums derived therefrom (**provided that** the assignment by way of security of the Issuer's rights under each Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder);
- (b) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's interest in the English Mortgage Loans and their Related Security and other related rights comprising the Mortgage Portfolio and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignation in security of the Issuer's interest in the Scottish Mortgage Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Seller over such Scottish Mortgage Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust) (the "**Scottish Supplemental Charge**");
- (e) a charge by way of first fixed charge over the Issuer's interest in its bank accounts (including the Issuer Accounts) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;

- (f) an assignment by way of first fixed security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit in the Issuer's Share of the Global Collection Account Trust;
- (g) an assignment by way of first fixed security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Issuer's Share of the Portfolio Transaction Accounts Trust; and
- (h) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security, including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not such assets are the subject of the charges or Security referred to above).

In the event that legal title to the Mortgage Portfolio is transferred to the Issuer pursuant to the Mortgage Sale Agreement following the occurrence of a Perfection Event, the Issuer is also obliged to enter into a Scottish standard security in respect of its interest as legal title holder in the Scottish Mortgage Loans and their Related Security in the Mortgage Portfolio (a "**Scottish Sub-Security**").

See "*Summary of the Key Transaction Documents – Deed of Charge*" below.

Interest Provisions:

Please refer to the "*Full Capital Structure of the Notes*" table above and as fully set out in Condition 6 (*Interest*).

Deferral:

Interest due and payable on the Most Senior Class of Notes may not be deferred. Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 18 (*Subordination by Deferral*) on any Interest Payment Date (other than the Final Maturity Date or any earlier date on which the Notes are to be redeemed in full). For the avoidance of doubt, such deferral shall not result in the occurrence of an Event of Default or Potential Event of Default.

The Class Z Notes do not accrue interest.

Gross-up:

None of the Issuer, any Paying Agent or any other person will be obliged to pay additional amounts to Noteholders if there is any withholding or deduction required by law in respect of the Notes on account of taxes.

Redemption:

The Notes are required to be redeemed in the following circumstances:

- mandatory redemption in full on the Interest Payment Date falling in May 2056 (the "**Final Maturity Date**"), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- mandatory redemption in full following the exercise by the Portfolio Call Option Holder of the Portfolio Call Option, as fully set out in Condition 8.3 (*Mandatory Redemption of the Notes in full on or after the Optional Redemption Date*);
- mandatory redemption in full following the exercise by the Retention Holder of the Risk Retention Regulatory Change Option, as fully set out in Condition 8.4 (*Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option*); and

- mandatory redemption in full following a change in tax law or otherwise by reason of a change in law (which cannot otherwise be mitigated by substitution of the Issuer or an appointment of alternative Paying Agent, as fully set out in Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*)).

Any amounts redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to its Principal Amount Outstanding together with accrued (and unpaid) interest on its Principal Amount Outstanding up to and including the date of redemption.

- mandatory redemption in part or in full on any Interest Payment Date commencing on the First Interest Payment Date but prior to the service of an Enforcement Notice subject to availability of Available Redemption Receipts:
 - (a) *first*, on a *pari passu* and *pro rata* basis, to repay the Class A Notes until they are repaid in full;
 - (b) *second*, on a *pari passu* and *pro rata* basis, to repay the Class B Notes until they are repaid in full;
 - (c) *third*, on a *pari passu* and *pro rata* basis, to repay the Class C Notes until they are repaid in full;
 - (d) *fourth*, on a *pari passu* and *pro rata* basis, to repay the Class D Notes until they are repaid in full; and
 - (e) *fifth*, on a *pari passu* and *pro rata* basis, to repay the Class Z Notes until they are repaid in full.

Expected Average Lives of the Notes:

The actual average lives of the Notes cannot be stated, as the actual rate of repayment of the Mortgage Loans and redemption of the Mortgage Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions as described under "*Weighted Average Lives of the Notes*".

Events of Default:

As fully set out in Condition 11 (*Events of Default*) and Residual Certificates Condition 10 (*Events of Default*), which includes, among other events (where relevant, subject to the applicable grace period):

- non-payment of any amount of interest and/or principal in respect of the Most Senior Class of Notes and such non-payment continues for: (i) a period of five days in the case of interest; or (ii) ten days in the case of principal;
- failure to pay any amount due in respect of the Residual Certificates and the default continues for more than five days from the due date for payment (**provided that** all of the Notes have been redeemed in full);
- breach of any other contractual obligations by the Issuer under the Transaction Documents which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the Most Senior Class of Notes (or, if no Notes are outstanding, the Certificateholders) if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any representation or warranty made by the Issuer is incorrect when given which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the Most Senior Class of Notes (or, if no

Notes are outstanding, the Certificateholders) if the matters giving rise to such misrepresentation is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;

- the Issuer ceasing or threatening to cease to carry on the whole or a substantial part of its business or the occurrence of certain related events in relation to the Issuer;
- the occurrence of certain insolvency-related events in relation to the Issuer or its assets and undertaking; and
- the Issuer initiating or consenting to judicial proceedings relating to itself, or taking steps with a view to obtaining a moratorium in respect of any of its indebtedness.

Following the occurrence of an Event of Default, the Note Trustee may (or, if so directed by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, shall) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable, **provided that** the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

The Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if so directed in writing by the holders of at least 25 per cent. of the RC2 Residual Certificates in number or if so directed by an Extraordinary Resolution of the RC2 Certificateholders shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give an Enforcement Notice to the Issuer that any RC2 Payments pursuant to the RC2 Residual Certificates are immediately due and payable in any of the events described more fully in Residual Certificates Condition 10 (*Events of Default*).

Limited Recourse and Non-Petition:

The Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.4 (*Limited Recourse*). In accordance with Condition 12.2 (*Preservation of Assets*) and Condition 12.3 (*Limitations on Enforcement*), no Noteholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

The Certificateholders are only entitled to funds which are available to the Issuer in accordance with the applicable Priority of Payments and therefore the Residual Certificates are limited recourse obligations of the Issuer.

Governing Law:

English law (**provided that** any terms of the Transaction Documents which are particular to Scots law will be governed by and construed in accordance with Scots law and each Scottish Declaration of Trust, Scottish Supplemental Charge and any Scottish Sub-Security will be governed by Scots law).

RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

Please refer to the sections entitled "Terms and Conditions of the Notes", "Terms and Conditions of the Residual Certificates" and "Risk Factors" for further detail in respect of the rights of Noteholders and Certificateholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Event of Default:

Noteholders holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding are entitled to convene a Noteholders' meeting and Certificateholders holding not less than 10 per cent. in number of the Residual Certificates then in issue are entitled to convene a Certificateholders' meeting.

However, so long as no Event of Default has occurred and is continuing, neither the Noteholders nor the Certificateholders are entitled to instruct or direct the Issuer to take any actions, either directly or through the Note Trustee, without the consent of the Issuer and, if applicable, certain other transaction parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

Following an Event of Default:

Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes (or if no Notes remain outstanding, of the number of RC2 Residual Certificates then in issue), or if an Extraordinary Resolution of the holders of the Most Senior Class of Notes (or if no Notes remain outstanding, of the number of RC2 Residual Certificates then in issue) is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest or that all RC2 Payments pursuant to the RC2 Residual Certificates are immediately due and payable, as applicable. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

Noteholders and Certificateholders Meeting provisions:

	<u>Initial meeting</u>	<u>Adjourned meeting</u>
Notice period:	At least 21 clear days	At least ten clear days
Quorum:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. in number of the relevant Class or Classes of Residual Certificates then in issue, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 10 per cent. in number of the relevant Class or Classes of the Residual Certificates then in issue, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution

(other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 50 per cent. in number of the relevant Class or Classes of the Residual Certificates then in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes then outstanding or holding or representing not less than 75 per cent. in number of the relevant Class or Classes of the Residual Certificates then in issue, as applicable.

(other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing not less than 25 per cent. in number of the relevant Class or Classes of the Residual Certificates then in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes then outstanding or holding or representing not less than 75 per cent. in number of the relevant Class or Classes of the Residual Certificates then in issue, as applicable.

Required majority for Ordinary Resolution:

A clear majority of persons eligible to attend and vote at such meeting and voting at that meeting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (an "**Ordinary Resolution**").

Required majority for Extraordinary Resolution:

Majority consisting of not less than 75 per cent. of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (an "**Extraordinary Resolution**").

Required majority for a Written Resolution:

Not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding or not less than 75 per cent. of the number of the relevant Class or Classes of Residual Certificates then in issue (A "**Written Resolution**"). A Written Resolution has the same effect as an Extraordinary Resolution.

For the purposes of calculating a period of "**clear days**" in relation to a meeting, no account shall be taken of the day on which the notice of such meeting or request is given or the day on which such meeting is held (or, in the case of an adjourned meeting, the day on which the meeting to be adjourned is held).

**Matters requiring
Extraordinary
Resolution:**

The following matters require an Extraordinary Resolution of the Noteholders (and, in the case of a Basic Terms Modification, an Extraordinary Resolution of the Certificateholders), as set out in the Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property, whether such rights arise under the Trust Deed, any other Transaction Document or otherwise;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*) or Condition 13.22 (*Issuer Substitution Condition*) or Clause 17 (*Substitution*) of the Trust Deed;
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee or Security Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to approve the appointment of a Replacement Servicer in circumstances where the Servicer has resigned, and the appointment of the Replacement Servicer is not on substantially similar terms to those of the outgoing Servicer;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to make directions to the Security Trustee in connection with a breach of the Risk Retention Undertaking by the Retention Holder;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution;
- other than pursuant to Clause 17 (*Substitution*) of the Trust Deed, to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Residual Certificates for or partly or

wholly in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash; or

- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

See Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

**Right of modification
subject to negative
consent of Noteholders:**

Pursuant to and in accordance with the detailed provisions of Condition 13.6, the Note Trustee shall be obliged, and shall direct the Security Trustee, in certain circumstances, without any consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document that the Issuer considers necessary for the purpose of enabling the Issuer or any other Transaction Party to:

- comply with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- comply with any obligation which applies to such party under the UK Securitisation Regulation and/or the EU Securitisation Regulation, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and as a result of the adoption of any secondary legislation or official guidance in relation to the UK Securitisation Regulation and/or the EU Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto (including, without limitation, the appointment of a third party pursuant to the Servicing Agreement and/or the Cash Management Agreement to assist with the Issuer's reporting obligations pursuant to the UK Securitisation Regulation);
- comply with FATCA;
- comply with any obligation which applies to it under Articles 9, 10 and 11 of UK EMIR or any other obligation which applies to it under UK EMIR;
- comply with any obligation which applies to it under Articles 9, 10 and 11 of EU EMIR or any other obligation which applies to it under EU EMIR;
- change the base rate in respect of the Notes from SONIA to an alternative base rate and make such other amendments as are necessary or advisable in the reasonable commercial judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"); or
- make amendments as are necessary or advisable in the reasonable commercial judgment of the Issuer (or the Servicer on its behalf) to the Swap Agreement(s) to facilitate any Base Rate Modification (a "**Swap Rate Modification**").

The Issuer must provide at least 30 days' notice to Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company Filings"

screen relating to the Notes. If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have notified the Issuer in writing that such Noteholders do not consent to the modification then such modification will not be made unless passed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes in accordance with Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

Right of modification without consent of Noteholders:

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of: (i) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Conditions.

Relationship between Classes of Noteholders and Certificateholders:

Subject to the provisions governing a Basic Terms Modification, a resolution of the Most Senior Class of Notes at any given time shall be binding on all other Classes of Notes and the Residual Certificates which are subordinate to such Most Senior Class of Notes at any given time and on the Residual Certificates, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders or of the Certificateholders shall take effect for any purpose while the Most Senior Class of Notes remains outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of such Most Senior Class of Notes and, in the case of Residual Certificates, the holders of all Notes ranking in priority in the Post-Enforcement Priority of Payments (or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and, in the case of the Residual Certificates, all Notes ranking in priority thereto).

The voting rights of the Certificateholders are limited to the extent that any Ordinary Resolution or Extraordinary Resolution of the Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Ordinary Resolution or Extraordinary Resolution, respectively, of the Most Senior Class of Notes and all other Classes of Notes, or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and all other Classes of Notes.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or the Residual Certificates then in issue, as applicable.

Subject to the provisions governing a Basic Terms Modification and the foregoing paragraphs, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of Notes of only one Class or the Residual Certificates only shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected or the Residual Certificates.

"Clearing System" means Euroclear and/or Clearstream, Luxembourg and includes, in respect of any Note and/or Residual Certificate, any clearing system on behalf of which such Note and/or Residual Certificate is held or which is the holder (directly or through a nominee) or registered owner of a Note and/or a Residual Certificate, in either case whether alone or jointly with any other Clearing System(s).

Relationship between Noteholders and other Secured Creditors:

So long as any of the Notes are outstanding and without prejudice to any consent required of any Secured Creditor pursuant to the Transaction Documents, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors or the Certificateholders other than the Noteholders.

So long as the Notes are outstanding, the Note Trustee will have regard to the interests of each class of the Noteholders, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of the holders of the Most Senior Class of Notes, and the holders of such subordinated Classes of Notes shall have no claim against the Note Trustee for so doing.

So long as any Notes or Residual Certificates are outstanding and without prejudice to any consent required of any Secured Creditor pursuant to the Transaction Documents, the Security Trustee shall act on the instructions of the Note Trustee and shall not have regard to the interests of any other Secured Creditor.

"Secured Obligations" means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge under the Issuer's covenant to pay as set out in the Deed of Charge.

Seller, Retention Holder or related entity as Noteholder or Certificateholder:

Prospective investors should note that the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may purchase some or all of any of the Notes, and in doing so, will not be prevented from being entitled to attend meetings of the Noteholders and/or the Certificateholders or vote at Noteholder and/or Certificateholder meetings or by way of Written Resolution (as applicable).

Prospective investors should be aware that the interests of the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder may conflict generally with that of the other Noteholders and/or Certificateholders, and the Seller, the Retention Holder and/or affiliates or related entities of the Seller and/or the Retention Holder are not required to vote in any particular manner.

Provision of Information to the Noteholders and Certificateholders:

The Issuer is the designated entity for the purposes of Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Issuer). The Issuer will procure that the Cash Manager or another third party will:

- (a) publish on the Cash Manager Website the Monthly Investor Reports and provide the same to the Servicer for publishing via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>);
- (b) in connection with the Issuer's obligations under (i) Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards and (ii) Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards for the purposes of investors' compliance with Article 5(1)(e) of the EU Securitisation Regulation not taking into account any relevant national measures (as if it were applicable to Paratus and the Issuer), publish on the Cash Manager Website a quarterly investor report in respect of the relevant period, which shall be provided in the form of (A) the disclosure templates adopted under the UK Article 7 Technical Standards and (B) the disclosure templates adopted under the EU Article 7 Technical Standards (the **"Quarterly Investor Report"**) on a quarterly basis and

on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Investor Report, no later than by 15 May 2024;

- (c) in connection with the Issuer's obligations under (i) Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards and (ii) Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards for the purposes of investors' compliance with Article 5(1)(e) of the EU Securitisation Regulation not taking into account any relevant national measures (as if it were applicable to Paratus and the Issuer), publish on the Cash Manager Website (simultaneously with the Quarterly Investor Report) certain loan level information in relation to the Mortgage Portfolio in respect of the relevant period and which shall be in the form of (A) the disclosure templates adopted under the UK Article 7 Technical Standards and (B) the disclosure templates adopted under the EU Article 7 Technical Standards (the "**Data Tape**") on a quarterly basis and on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Data Tape, no later than by 15 May 2024, as provided by the Servicer to the Cash Manager (to the satisfaction of the Cash Manager);
- (d) if any Noteholder requests that Paratus provides additional disclosure using any updated form of disclosure templates that may be adopted pursuant to the EU Securitisation Regulation in connection with the reporting undertakings set out in paragraphs (b) and (c) above, Paratus will consider that request and if it considers such request to be reasonable will endeavour to meet that request; and
- (e) the Issuer will procure that the Servicer or another third party will:
 - (i) prepare and publish without delay any information made public in accordance with (i) Article 7(1)(f) or Article 7(1)(g) (as applicable) of the UK Securitisation Regulation (the **UK Inside Information and Significant Event Reporting Requirements**) and/or (ii) Article 7(1)(f) or Article 7(1)(g) (as applicable) of the EU Securitisation and the EU Article 7 Technical Standards (for the purposes of investors' compliance with Article 5(1)(e) of the EU Securitisation Regulation) not taking into account any relevant national measures, as if such requirements were applicable to it (**EU Inside Information and Significant Event Reporting Requirements**); and
 - (ii) make available, within five days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus on the website of www.euroabs.com.

The Issuer, the Servicer and the Cash Manager (if required) (and in each case as authorised by the Issuer) may agree in writing the form, content, method of distribution and frequency of the reporting contemplated under the Servicing Agreement and/or the Cash Management Agreement.

The Issuer will also procure that the Servicer will publish (or procure the publication of) or make otherwise available the reports and information referred to in paragraphs (b), (c) and (e)(i) above as required under (i) Article 7 of the UK Securitisation Regulation and (ii) Article 7 of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer) via the UK

Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.eu>).

The Cash Manager and the Servicer (as applicable) will (and in each case as authorised by the Issuer to) make the information referred to above available to the Noteholders and Certificateholders, relevant competent authorities (including for the avoidance of doubt the FCA) and, upon request, to potential investors in the Notes.

The Cash Manager will only be required to produce the Quarterly Investor Report in the templates prescribed under Article 7(1)(e) of the UK Securitisation Regulation, Article 7 UK Technical Standards, Article 7(1)(e) of the EU Securitisation Regulation and Article 7 EU Technical Standards as at the Closing Date, until such time as the Cash Manager is notified in writing by the Issuer and/or the Servicer of any changes to the prescribed templates pursuant to the UK Securitisation Regulation, UK Article 7 Technical Standards, EU Securitisation Regulation and/or Article 7 EU Technical Standards (as applicable). If the Cash Manager is notified in writing of changes to the disclosure templates, the Cash Manager, the Servicer and the Issuer shall consult on any changes required to the form, timing, frequency of distribution and method of distribution of the Quarterly Investor Report(s) (as relevant) and following such consultation the Cash Manager shall provide such additional or alternative reporting and information as agreed between the Cash Manager, the Servicer and the Issuer and which is required to comply with any changes to (i) Article 7(1)(e) of the UK Securitisation Regulation and UK Article 7 Technical Standards and (ii) Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards. If any changes are agreed, the Issuer, the Servicer and the Cash Manager may enter for these purposes into any amendment agreement to the Servicing Agreement and/or the Cash Management Agreement as the case may be. In the event that, following such consultation, the Cash Manager is unable to produce a Quarterly Investor Report to comply with such changes, the Servicer shall or shall procure another third party service provider to produce the required Quarterly Investor Report.

"**Cash Manager Website**" means the website of <https://pivot.usbank.com> (or such other website as may be available for such purpose and notified by the Cash Manager to the Transaction Parties and the Rating Agencies from time to time).

"**Data Tape**" means the data tape in the form of (i) the disclosure templates adopted under the UK Article 7 Technical Standards and (ii) the disclosure templates adopted under the EU Article 7 Technical Standards.

"**EBA**" means the European Banking Authority.

"**EIOPA**" means the European Insurance and Occupational Pensions Authority.

"**EU Article 7 ITS**" means Commission Implementing Regulation (EU) 2020/1225226 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission.

"**EU Article 7 RTS**" means Commission Delegated Regulation (EU) 2020/1224227 including any relevant guidance and policy statements in relation thereto published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission.

"**EU Article 7 Technical Standards**" mean the EU Article 7 RTS and the EU Article 7 ITS.

"**EU Securitisation Repository**" means, at the option of the Servicer and as at the Closing Date, SecRep B.V., an ESMA-registered securitisation repository, or its substitute, successor or replacement that is registered with ESMA under the EU Securitisation Regulation as notified by the Servicer to the Transaction Parties and Rating Agencies from time to time.

"**Investor Report**" means the Monthly Investor Report and the Quarterly Investor Report.

"**Monthly Investor Report**" means an investor report prepared and delivered by the Cash Manager in accordance with the Cash Management Agreement on a monthly basis (other than in a month where the Quarterly Investor Report is required to be delivered).

"**UK Article 7 ITS**" means Commission Implementing Regulation (EU) 2020/1225 as it forms part of the domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

"**UK Article 7 RTS**" means Commission Delegated Regulation (EU) 2020/1224 as it forms part of the domestic law by virtue of the EUWA, including any relevant legislation, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto.

"**UK Article 7 Technical Standards**" mean the UK Article 7 RTS and the UK Article 7 ITS.

"**UK Securitisation Repository**" means, at the option of the Servicer and as at the Closing Date, SecRep Ltd, an FCA-registered securitisation repository for the purposes of the UK Securitisation Regulation, or its substitute, successor or replacement that is registered with the FCA under the UK Securitisation Regulation as notified by the Servicer to the Transaction Parties and Rating Agencies from time to time.

(For more information, see the section entitled "General Information").

**Communication with
Noteholders and
Certificateholders:**

Any notice to be given by the Issuer or the Note Trustee to Noteholders and/or Certificateholders shall be given in the following manner:

- (a) While the Notes are represented by Global Notes, the Issuer or the Note Trustee shall deliver any notice to Noteholders to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg as aforesaid shall be deemed to have been given on the day of such delivery.
- (b) Subject to paragraph (a) above, any notice to Noteholders and/or Certificateholders shall be validly given if published, at the option of the Issuer, in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers having a general circulation in the United Kingdom as the Note Trustee shall approve in advance, **provided that** if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and

notified to Noteholders and Certificateholders (in each case a "**Relevant Screen**"), or (ii) paragraph (a) above applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.

- (c) In respect of Notes or Residual Certificates, as applicable, in definitive form, notices to Noteholders or Certificateholders will be sent to them by: (i) email; or (ii) first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail, at the respective email addresses or addresses (as the case may be) on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting and any notice sent by email shall be deemed to have been given at the time of dispatch **provided that**, in the case of a notice given by email, a confirmation of receipt is received by the sending party.
- (d) In relation to the Notes and the Noteholders, so long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which include delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

The Note Trustee shall be at liberty to sanction some other method where, in its sole opinion, the use of such other method would be reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or the quotation systems on or by which the Notes and/or Residual Certificates are then listed, quoted and/or traded and **provided that** notice of such other method is given to Noteholders and Certificateholders in such manner as the Note Trustee shall require.

CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "Credit Structure" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cashflow of the transaction.

Available Funds of the Issuer: Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Redemption Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments respectively, as set out below.

"**Available Revenue Receipts**" means, in relation to each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts and/or, if one or more of the Monthly Collection Periods falling in the immediately preceding Collection Period was a Determination Period, Calculated Revenue Receipts (in each case, excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date) received by the Issuer corresponding to the immediately preceding Collection Period;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period;
- (c) the amounts (if any) standing to the credit of the Credit Reserve Ledger as at the last day of the immediately preceding Collection Period;
- (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with the Cash Management Agreement;
- (e) amounts determined to be credited to the Issuer Account on the immediately preceding Interest Payment Date in accordance with item (q) of the Pre-Enforcement Revenue Priority of Payments;
- (f) amounts determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (g) of the Pre-Enforcement Redemption Priority of Payments;
- (g) any amounts received from a Swap Counterparty under a Swap Agreement (other than any amount standing to the credit of a Swap Collateral Account which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments));
- (h) any amounts to be debited from the Liquidity Reserve Ledger over and above the Liquidity Reserve Required Amount;
- (i) in respect of the First Interest Payment Date only, any Closing Revenue Reconciliation Amount paid by the Seller pursuant to the terms of the Mortgage Sale Agreement; and
- (j) other net income of the Issuer corresponding to the immediately preceding Collection Period in accordance with the terms of the Transaction Documents (including with respect to any sale of Mortgage Loan and/or any indemnity payment made to the Issuer pursuant to the Mortgage Sale Agreement), excluding any Redemption Receipts;

less:

- (k) any Third Party Amounts paid from the Issuer Account to the persons entitled thereto and relating to the immediately preceding Collection Period.

"Available Redemption Receipts" means, for any Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Redemption Receipts and/or, if one or more of the Monthly Collection Periods falling in the immediately preceding Collection Period was a Determination Period, any Calculated Redemption Receipts (in each case, excluding any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date) received by the Issuer corresponding to the immediately preceding Collection Period;
- (b) any amounts of Available Revenue Receipts retained pursuant to items (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments and deemed to be Available Redemption Receipts ("**PDL Cure Amounts**");
- (c) any Enhanced Amortisation Amounts;
- (d) on the Final Redemption Date (for the avoidance of doubt, following the application of the Pre-Enforcement Revenue Priority of Payments) the sum of: (i) all amounts standing to the credit of the Credit Reserve Ledger; and (ii) all amounts (if any) standing to the credit of the Liquidity Reserve Ledger (after first having applied any Liquidity Reserve Drawings to meet any Revenue Deficit on the Final Redemption Date (subject to the application of the Liquidity Availability Conditions));
- (e) in respect of the First Interest Payment Date only, any Closing Redemption Reconciliation Amount paid by the Seller pursuant to the terms of the Mortgage Sale Agreement;
- (f) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with the Cash Management Agreement; and
- (g) in respect of the First Interest Payment Date only, the difference (expressed as a positive number) between the Principal Amount Outstanding of the Collateralised Rated Notes as at the Closing Date and the cumulative Principal Outstanding Balance of each Mortgage Loan in the Mortgage Portfolio as at the Cut-Off Date,

less:

- (h) any amounts under a Direct Debit which were transferred to the Issuer Account but thereafter are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited to the extent that such amount is of a principal nature.

"Direct Debit" means a written instruction of a Borrower authorising its bank to honour a request of the Seller to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Seller.

Summary of Priorities of Payments:

Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Cashflows and Cash Management*".

Pre-Enforcement Revenue Priority of Payments:	Pre-Enforcement Redemption Priority of Payments:	Post-Enforcement Priority of Payments:
(a) <i>Pro rata</i> and <i>pari passu</i> to amounts due to the Note Trustee and the Security Trustee and any Appointee thereof, including charges, liabilities, fees, costs and expenses	(a) Principal Addition Amounts (subject to the application of the Liquidity Availability Conditions) to be applied towards the reduction of any Revenue Deficit	(a) <i>Pro rata</i> and <i>pari passu</i> to amounts due and payable in respect of the Note Trustee and the Security Trustee, Receiver and any Appointee thereof including charges, liabilities, fees, costs and expenses
(b) <i>Pro rata</i> and <i>pari passu</i> to amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Principal Paying Agent, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank (insofar as any such amounts are attributable to the Issuer's Share of the Global Collection Account Trust and/or the Portfolio Transaction Accounts Trust), the Global Collection Account Bank, the Collection Account Bank, Paratus (if applicable)	(b) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero	(b) <i>Pro rata</i> and <i>pari passu</i> to amounts due and payable in respect of the fees, costs, liabilities and expenses of the Agent Bank, the Registrar, the Paying Agent, the Principal Paying Agent, the Cash Manager, the Servicer, the Back-Up Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank (insofar as any such amounts are attributable to the Issuer's Share of the Global Collection Account Trust and/or the Portfolio Transaction Accounts Trust) the Global Collection Account Bank, Paratus (if applicable)
(c) <i>Pro rata</i> and <i>pari passu</i> to pay Third Party Expenses	(c) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class B Notes until	(c) To pay Transfer Costs (if any)

Pre-Enforcement Revenue Priority of Payments:	Pre-Enforcement Redemption Priority of Payments:	Post-Enforcement Priority of Payments:
and Transfer Costs (if any)	the Principal Amount Outstanding on the Class B Notes has been reduced to zero	
(d) Issuer Profit Amount	(d) <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero	(d) <i>Pro rata and pari passu</i> to amounts due to the Swap Counterparties in respect of the Swap Agreements (other than Swap Counterparty Subordinated Amounts)
(e) <i>Pro rata and pari passu</i> to amounts due to the Swap Counterparties in respect of the Swap Agreements (other than Swap Counterparty Subordinated Amounts)	(e) <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero	(e) <i>Pro rata and pari passu</i> to the amounts of unpaid interest due and payable on the Class A Notes
(f) <i>Pro rata and pari passu</i> to the interest due on the Class A Notes	(f) <i>Pro rata and pari passu</i> to the principal amounts outstanding on the Class Z Notes until the Principal Amount Outstanding of the Class Z Notes has been reduced to zero	(f) <i>Pro rata and pari passu</i> to the amounts of principal due and payable on the Class A Notes
(g) Amounts to be credited to the Class A Principal Deficiency Sub- Ledger	(g) Any excess amounts to be applied as Available Revenue Receipts	(g) <i>Pro rata and pari passu</i> to the amounts of unpaid interest due and payable on the Class B Notes
(h) <i>Pro rata and pari passu</i> to the interest due on the Class B Notes		(h) <i>Pro rata and pari passu</i> to the principal amounts due and payable on the Class B Notes

Pre-Enforcement Revenue Priority of Payments:	Pre-Enforcement Redemption Priority of Payments:	Post-Enforcement Priority of Payments:
(i) On or prior to the Final Redemption Date, to credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount		(i) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class C Notes
(j) Amounts to be credited to the Class B Principal Deficiency Sub-Ledger		(j) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class C Notes
(k) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class C Notes		(k) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class D Notes
(l) Amounts to be credited to the Class C Principal Deficiency Sub-Ledger		(l) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class D Notes
(m) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class D Notes		(m) <i>Pro rata</i> and <i>pari passu</i> to amounts due to the Swap Counterparties in respect of Swap Counterparty Subordinated Amounts
(n) Amounts to be credited to the Class D Principal Deficiency Sub-Ledger		(n) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class Z Notes until the Principal Amount Outstanding of the Class Z Notes has been reduced to zero
(o) To credit the Credit Reserve Ledger up to the Credit Reserve Required Amount		(o) Any Third Party Expenses (if any) and any amounts in excess of amounts already credited to the Issuer Profit Ledger prior to

Pre-Enforcement Revenue Priority of Payments:	Pre-Enforcement Redemption Priority of Payments:	Post-Enforcement Priority of Payments:
		such Interest Payment Date and required to discharge any liability of the Issuer for corporation tax of the Issuer
(p) Amounts to be credited to the Junior Principal Deficiency Sub-Ledger		(p) <i>Issuer</i> Profit Amount
(q) On any Interest Payment Date falling within a Determination Period, all remaining amounts to be retained in the Issuer Account to be applied on the next Interest Payment Date as Available Revenue Receipts		(q) <i>Pro rata</i> and <i>pari passu</i> all remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders
(r) <i>Pro rata</i> and <i>pari passu</i> to amounts due to the Swap Counterparties in respect of Swap Counterparty Subordinated Amounts		
(s) On any Interest Payment Date occurring on or after the Optional Redemption Date, to apply all amounts remaining as Available Redemption Receipts for so long as any of the Collateralised Rated Notes remain outstanding		
(t) <i>Pro rata</i> and <i>pari passu</i> all		

<u>Pre-Enforcement Revenue Priority of Payments:</u>	<u>Pre-Enforcement Redemption Priority of Payments:</u>	<u>Post-Enforcement Priority of Payments:</u>
remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders		

General Credit Structure: The credit structure of the transaction includes the following elements:

- The availability of the Liquidity Reserve funded on the Closing Date by a portion of the proceeds of the issuance of the Notes up to the Liquidity Reserve Required Amount (which forms part of the General Reserve Fund Required Amount). Thereafter, on each Interest Payment Date prior to the service of an Enforcement Notice and other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date, the Liquidity Reserve will be replenished up to the Liquidity Reserve Required Amount at item (i) of the Pre-Enforcement Revenue Priority of Payments, to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. To the extent the funds standing to the credit of the Liquidity Reserve exceed the Liquidity Reserve Required Amount, such funds may be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

On any Interest Payment Date, the Liquidity Reserve shall not be applied as Available Revenue Receipts but, subject to the Liquidity Availability Conditions, shall be available for the purpose of Liquidity Reserve Drawings (as described below).

On any Interest Payment Date, and subject to the Liquidity Availability Conditions, to the extent that there would be one or more Revenue Deficits on such Interest Payment Date, an amount equal to the lower of: (a) the amount required to cover such Revenue Deficit or Revenue Deficits; and (b) the amount standing to the credit of the Liquidity Reserve Ledger on such Interest Payment Date (such amounts being "**Liquidity Reserve Drawings**"), shall be debited from the Liquidity Reserve Ledger immediately following the application of Available Revenue Receipts and will be applied to meet such Revenue Deficit or Revenue Deficits, **provided that** if there is more than one Revenue Deficit, such amounts shall be applied in the order of priority as such items appear in the Pre-Enforcement Revenue Priority of Payments.

On the Final Redemption Date, all amounts standing (if any) to the credit of the Liquidity Reserve Ledger (after first, having applied any Liquidity Reserve Drawings to meet any Revenue Deficit on the Final Redemption Date (subject to the satisfaction of the Liquidity Availability Conditions)) will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

See the section entitled "*Credit Structure – General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger*".

- The availability of the Credit Reserve funded on the Closing Date by the proceeds of the issuance of the Class Z Notes up to the Credit

Reserve Required Amount (which forms part of the General Reserve Fund Required Amount). Thereafter, on each Interest Payment Date prior to the service of an Enforcement Notice or sale of the Mortgage Portfolio after the Optional Redemption Date, the Credit Reserve will be replenished up to the Credit Reserve Required Amount at item (o) of the Pre-Enforcement Revenue Priority of Payments, to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.

On each Interest Payment Date, amounts standing to the credit of the Credit Reserve Ledger will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

See the section entitled "*Credit Structure – General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger*".

A Principal Deficiency Ledger will be established to record as a debit: (i) any Losses on the Mortgage Portfolio; and (ii) Principal Addition Amounts (determined in accordance with the Liquidity Availability Conditions). The Principal Deficiency Ledger shall record as a credit any PDL Cure Amounts.

The Principal Deficiency Ledger will comprise the following sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes), the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes), the Class D Principal Deficiency Sub-Ledger (relating to the Class D Notes) and the Junior Principal Deficiency Sub-Ledger (relating to the Accumulated Overcollateralisation).

Any Losses on the Mortgage Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the Calculation Date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)): (a) first, to the Junior Principal Deficiency Sub-Ledger (up to a maximum amount equal to the Junior PDL Notional Capacity); (b) second, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (c) third, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (d) fourth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (e) fifth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Mortgage Loan firstly to pay all outstanding fees and interest amounts due and payable in respect of the relevant Mortgage Loan.

See the section entitled "*Credit Structure – Principal Deficiency Ledger*".

- Pursuant to item (a) of the Pre-Enforcement Redemption Priority of Payments, to the extent that after application of the Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (on or prior to the Final Redemption Date) the use of any Liquidity Reserve Drawings to meet any Revenue Deficits against the relevant items in the Pre-Enforcement Revenue Priority of

Payments in the order they appear in the Pre-Enforcement Revenue Priority of Payments any Revenue Deficits persist, the Issuer shall apply Principal Addition Amounts to cover such remaining Revenue Deficits in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments, subject to the application of the Liquidity Availability Conditions. Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit to the Principal Deficiency Ledger.

See the section entitled "*Credit Structure – Liquidity and Credit Support for the Notes provided by Available Revenue Receipts*".

See the section "Assignment of the Mortgage Loans and Related Security".

- The availability of interest hedging arrangements provided by the Swap Counterparties to hedge against the possible variance between the interest rates payable in respect of the Fixed Rate Mortgage Loans and the SONIA-based interest payable in respect of the Notes.

See the section "*Swap Arrangements*".

Summary of key terms of Swap Agreements: The key commercial terms of each Swap Transaction entered into under the Swap Agreements to hedge the Fixed Rate Mortgage Loans are as follows:

- The notional amount of the relevant Swap Transaction will amortise in accordance with a pre-determined schedule as set out in the confirmation for that Swap Transaction. The rate of amortisation will be based on the expected repayment profile of the Fixed Rate Mortgage Loans assuming a 2 per cent. constant prepayment rate.
- Frequency of payment: Quarterly on each Interest Payment Date.

See the section entitled "*Swap Arrangements*" for further information.

Bank Accounts:

On the Closing Date the Issuer will enter into the Issuer Account Bank Agreement with the Issuer Account Bank in respect of the opening and maintenance of a deposit account (the "**Issuer Account**") and a swap collateral account in respect of each Swap Agreement (each a "**Swap Collateral Account**"). The Issuer may from time to time open additional or replacement accounts including, if applicable, any securities accounts (such accounts, together with the Issuer Account and the Swap Collateral Accounts, the "**Issuer Accounts**") pursuant to the Issuer Account Bank Agreement and the Transaction Documents.

Collections of revenue and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by the Seller in either the General Transaction Collection Account (in the case of direct debit payments) or the Global Collection Account (in the case of payments made other than by way of direct debit). Interest payments and principal repayments are collected throughout the month.

All monies standing to the credit of the Global Collection Account that are identified as being referable to the Mortgage Portfolio (save for: (i) certain amounts received in relation to the Mortgage Loans and their Related Security which are required to be refunded or otherwise disbursed; and (ii) any fees payable in respect of the Global Collection Account) are transferred from the Global Collection Account to the General Transaction Collection Account by the Servicer at the end of each Business Day.

All monies standing to the credit of the General Transaction Collection Account are (subject to certain conditions including payment of certain Third Party

Amounts) transferred from the General Transaction Collection Account to the Issuer Account by the Servicer at the end of each Business Day.

Cash Management:

On each Interest Payment Date, the Cash Manager will transfer monies from the Issuer Account to the relevant Transaction Parties or other parties in accordance with the applicable Priority of Payments. In addition, the Cash Manager may transfer monies from the Issuer Account in relation to Third Party Amounts and certain other amounts on dates other than on an Interest Payment Date.

TRIGGERS TABLES

Rating Triggers Table

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following:</u>
Issuer Account Bank:	<p>(a) in the case of S&P, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating of at least "A" by S&P; and</p> <p>(b) a long-term, unsecured, unguaranteed and unsubordinated debt obligation rating of at least "A3" by Moody's,</p> <p>and or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Collateralised Rated Notes (each, the "Account Bank Minimum Rating" and together, the "Account Bank Minimum Ratings").</p>	<p>If the Issuer Account Bank fails to maintain any of the Account Bank Minimum Ratings, then the Issuer shall use all commercially reasonable endeavours to, within 30 calendar days of such downgrade:</p> <p>(a) procure that the funds standing to the credit of the existing Issuer Account are transferred and placed on deposit on terms the same or substantially the same (<i>mutatis mutandis</i>) as the existing Issuer Account Bank Agreement with a financial institution: (i) having all of the Account Bank Minimum Ratings; and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007, and to procure that the amounts standing to the credit of the Issuer Account are transferred forthwith to the replacement Issuer Account;</p> <p>(b) obtain a guarantee (in such form that would not result in any of the Rating Agencies downgrading the current rating assigned to any Class or Classes of Collateralised Rated Notes or withdrawing, qualifying or putting such current rating assigned to any Class or Classes of Collateralised Rated Notes on a negative outlook) of the obligations of such Issuer Account Bank under the Issuer Account Bank Agreement from an entity which has all of the Account Bank Minimum Ratings; or</p> <p>(c) take any other action as the Rating Agencies may</p>

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following:</u>
Global Collection Account Bank:	A long-term, unsecured, unguaranteed and unsubordinated debt obligation of at least "Baa3" by Moody's and a long-term, unsecured, unsubordinated and unguaranteed debt rating of "BBB" by S&P, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Collateralised Rated Notes (each, the " Collection Account Bank Minimum Rating " and together, the " Collection Account Bank Minimum Ratings ").	<p data-bbox="1094 286 1391 405">agree will not result in a downgrade of the Collateralised Rated Notes,</p> <p data-bbox="1000 436 1391 499">in each case as prescribed in the Issuer Account Bank Agreement.</p> <p data-bbox="1000 521 1391 831">If the Global Collection Account Bank fails to maintain any of the Collection Account Bank Minimum Ratings, the Issuer (or the Servicer on its behalf) shall use its commercially reasonable endeavours, in accordance with the Collection Account Bank Agreement and the Servicing Agreement, to:</p> <ul style="list-style-type: none"> <li data-bbox="1000 857 1391 1921">(a) terminate or procure the termination of the appointment of the Global Collection Account Bank in accordance with the Collection Account Bank Agreement and the Servicing Agreement and procure that the funds standing to the credit of the Global Collection Account maintained with the Global Collection Account Bank are promptly transferred from such Global Collection Account and placed on deposit on terms the same or substantially the same (<i>mutatis mutandis</i>) as the Collection Account Bank Agreement with an institution: (i) that maintains ratings at least equal to the Collection Account Bank Minimum Ratings; (ii) that is a bank as defined in section 991 of the Income Tax Act 2007; and (iii) that is an institution authorised to carry on banking business including accepting deposits under the FSMA; or <li data-bbox="1000 1955 1391 2038">(b) obtain or procure the obtaining of a guarantee (in such form that would

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following:</u>
Collection Account Bank:	A long-term, unsecured, unguaranteed and unsubordinated debt obligation of at least "Baa3" by Moody's and a long-term, unsecured, unsubordinated and unguaranteed debt rating of "BBB", or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Collateralised Rated Notes (each, the " Collection Account Bank Minimum Rating " and together, the " Collection Account Bank Minimum Ratings ").	<p>not result in any of the Rating Agencies downgrading the current rating assigned to any Class or Classes of the Collateralised Rated Notes or withdrawing, qualifying or putting such current rating assigned to any Class or Classes of the Collateralised Rated Notes on a negative outlook) of the Global Collection Account Bank's obligations under the Collection Account Bank Agreement from an entity with ratings at least equal to the Collection Account Bank Minimum Ratings,</p> <p>in each case within a period not exceeding 60 calendar days (but no less than 35 calendar days) of the date on which the Global Collection Account Bank ceases to have the Collection Account Bank Minimum Ratings (or such longer period as the Security Trustee and the Rating Agencies may agree) and notify Borrowers that all payments made by a Borrower under a payment arrangement other than under the Direct Debiting Scheme are to be made to such replacement account following the date on which the replacement account is opened.</p> <p>If the Collection Account Bank fails to maintain any of the Collection Account Bank Minimum Ratings, the Issuer (or the Servicer on its behalf) shall use its commercially reasonable endeavours, in accordance with the Collection Account Bank Agreement and the Servicing Agreement to:</p> <p>(a) terminate or procure the termination of the appointment of the Collection Account Bank in accordance with the Collection Account Bank Agreement and the Servicing Agreement and procure that the funds standing to the credit of the</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
		<p>relevant Portfolio Transaction Accounts maintained with the Collection Account Bank are promptly transferred from such Portfolio Transaction Accounts and placed on deposit on terms the same or substantially the same (<i>mutatis mutandis</i>) as the Collection Account Bank Agreement with an institution: (i) that maintains ratings at least equal to the Collection Account Bank Minimum Ratings; (ii) that is a bank as defined in section 991 of the Income Tax Act 2007; (iii) that is an institution authorised to carry on banking business including accepting deposits under the FSMA; and (iv) that is a member of the Direct Debiting Scheme or any scheme which replaces the Direct Debiting Scheme; or</p>
		<p>(b) obtain or procure the obtaining of a guarantee (in such form that would not result in any of the Rating Agencies downgrading the current rating assigned to any Class or Classes of the Collateralised Rated Notes or withdrawing, qualifying or putting such current rating assigned to any Class or Classes of the Collateralised Rated Notes on a negative outlook) of the Collection Account Bank's obligations under the Collection Account Bank Agreement from an entity with ratings at least equal to the Collection Account Bank Minimum Ratings,</p>
		<p>in each case within a period not exceeding 60 calendar days (but no</p>

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following:</u>
		less than 35 calendar days) of the date on which the Collection Account Bank ceases to have the Collection Account Bank Minimum Ratings (or such longer period as the Security Trustee and the Rating Agencies may agree) and transfer all Direct Debit mandates to such replacement collection account following the date on which the replacement account is opened.

Swap Counterparties: S&P rating requirements

S&P Global Ratings' 'Counterparty Risk Framework: Methodology And Assumptions' (published on 8 March 2019 (republished 16 December 2021)) permits four different options for selecting applicable frameworks containing transfer ratings triggers, and the contractual requirements that should apply on the occurrence of breach of a transfer ratings trigger by a Swap Counterparty (the "**S&P Framework**", as defined and set out in each Swap Agreement). Subject to certain conditions specified in the relevant Swap Agreement, a Swap Counterparty may change the applicable S&P Framework by written notice to the Issuer, the Trustee and S&P. The applicable S&P Framework that will apply in respect of each Swap Agreement on the Closing Date is specified in the relevant Swap Agreement.

Initial S&P Rating Event

Neither a Swap Counterparty (or its successor or assignee) nor the Credit Support Provider under the relevant Swap Agreement have the Initial S&P Required Rating, where "**Initial S&P Required Rating**" means that in respect of the applicable S&P Framework either (i) the issuer credit rating, or (ii) the resolution counterparty rating assigned by S&P to the entity is at least as high as the rating corresponding to the then current rating of the Collateralised Rated Notes with the highest rating from S&P (the "**S&P Relevant Notes**") and the applicable S&P Framework as specified in the table below:

The consequence of a Swap Counterparty no longer having the Initial S&P Required Rating shall be that it has to take certain remedial actions within the required time frame as set out in the terms of the relevant Swap Agreement. Such remedial actions are as follows: (a) post collateral (other than if S&P Framework "Weak" applies); or (b) (i) to procure a transfer to an eligible replacement of the obligations under the relevant Swap Agreement or (ii) to procure a guarantee from an eligible guarantor in respect of its obligations, under the relevant Swap Agreement or (iii) to take such other action as required to maintain or restore the rating of the S&P Relevant Notes.

Transaction Party

Required Ratings/Triggers

Possible effects of Trigger being breached include the following:

A failure by such Swap Counterparty to take such steps will, in certain circumstances, allow the Issuer to terminate the relevant Swap Agreement.

Current rating of the S&P Relevant Notes	Initial S&P Required Rating (S&P Framework "Strong")	Initial S&P Required Rating (S&P Framework "Adequate")	Initial S&P Required Rating (S&P Framework "Moderate")	Initial S&P Required Rating (S&P Framework "Weak")
AAA	A-	A-	A	NA
AA+	A-	A-	A-	NA
AA	A-	BBB+	A-	NA
AA-	A-	BBB+	BBB+	NA
A+	A-	BBB	BBB+	NA
A	A-	BBB	BBB	NA
A-	A-	BBB	BBB	NA
BBB+	A-	BBB	BBB	NA
BBB	A-	BBB	BBB	NA
BBB-	A-	BBB	BBB	NA
BB+ and below	A-	BBB	BBB	NA

Subsequent S&P Rating Event

Neither a Swap Counterparty (or its successor or assignee) nor the Credit Support Provider under the relevant Swap Agreement have the Subsequent S&P Required Rating, where "Subsequent S&P Required Rating" means that in respect of the applicable S&P Framework either (i) the issuer credit rating, or (ii) the resolution counterparty rating assigned by S&P to the entity is at least as high as the rating corresponding to the then current rating of the S&P Relevant Notes and the applicable S&P Framework as specified in the table below:

The consequence of a Swap Counterparty no longer having the Subsequent S&P Required Rating shall be that such Swap Counterparty has to take certain remedial actions within the required time frame as set out in the terms of the relevant Swap Agreement. Such remedial actions are as follows: (a) post collateral or continue to post collateral (other than if S&P Framework "Weak" applies) and (b) use commercially reasonable efforts to (i) procure a transfer to an eligible replacement of the obligations under the relevant Swap Agreement; or (ii) procure a guarantee from an eligible guarantor in respect of its obligations, under the relevant Swap Agreement; or (iii) take such other action as required to maintain or restore the ratings of the S&P Relevant Notes.

Current rating of the S&P Relevant Notes	Initial S&P Required Rating (S&P Framework "Strong")	Initial S&P Required Rating (S&P Framework "Adequate")	Initial S&P Required Rating (S&P Framework "Moderate")	Initial S&P Required Rating (S&P Framework "Weak")
AAA	BBB+	A-	A	A+
AA+	BBB+	A-	A-	A+
AA	BBB	BBB+	A-	A
AA-	BBB	BBB+	BBB+	A-
A+	BBB-	BBB	BBB+	A-
A	BBB-	BBB	BBB	BBB+
A-	BBB-	BBB-	BBB	BBB+
BBB+	BBB-	BBB-	BBB-	BBB
BBB	BBB-	BBB-	BBB-	BBB
BBB-	BBB-	BBB-	BBB-	BBB-
BB+ and below	At least as high as 3 notches below the S&P Relevant Notes rating	At least as high as 2 notches below the S&P Relevant Notes rating	At least as high as 1 notch below the S&P Relevant Notes rating	At least as high as the S&P Relevant Notes rating

A failure by a Swap Counterparty to take such steps will, in certain circumstances, allow the Issuer to terminate the relevant Swap Agreement.

Moody's First Rating Requirement

A counterparty risk assessment from Moody's of "Baa1(cr)" or above or, if a Swap Counterparty has no counterparty risk assessment from Moody's, a senior unsecured debt obligations rating of "Baa1" or above from Moody's.

The consequences of breach of the Moody's First Rating Requirement or the Moody's Second Rating Requirement under a Swap Agreement include a requirement for that

Swap Counterparty to post collateral, replace that Swap Counterparty, obtain a guarantee of that Swap Counterparty's obligations or take such other action as will result in the rating of the Collateralised Rated Notes with the highest rating from Moody's being maintained or restored.

The breach of the Moody's First Rating Requirement or the Moody's Second Rating Requirement may, in certain circumstances, allow the Issuer to terminate the relevant Swap Agreement.

Moody's Second Rating Requirement

A counterparty risk assessment from Moody's of "Baa2(cr)" or above or, if that Swap Counterparty has no counterparty risk assessment from Moody's, a senior unsecured debt obligations rating of "Baa2" or above from Moody's.

Non-Rating Triggers Table

Perfection Events:

Prior to the completion of the transfer of legal title of the Mortgage Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factors entitled "*Risk Factors – Risks Relating to the Underlying Assets – Seller to initially retain legal title to the Mortgage Loans*" and "*Risk Factors – Risks Relating to the Underlying Assets – Set-off may adversely affect the value of the Mortgage Portfolio or any part thereof*".

The Seller shall be obliged to give notice of assignment of the Mortgage Loans to the Borrowers following the occurrence of:

- (a) the delivery of an Enforcement Notice by the Note Trustee; or
- (b) the occurrence of a Servicer Termination Event; or
- (c) the Seller being required to perfect transfer of legal title to the Mortgage Loans:
 - (i) by an order of a court of competent jurisdiction;
 - (ii) by a regulatory authority which has jurisdiction over the Seller; or
 - (iii) by any organisation of which the Seller is a member or whose members comprise, but are not necessarily limited to, mortgage lenders and with the instructions of which it is customary for the Seller to comply; or
- (d) it becoming necessary as a result of a change in law occurring after the Closing Date to perfect the transfer by way of assignment or, in the case of Scottish Mortgage Loans, assignation of the legal title to such Mortgage Loans; or

- (e) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Mortgage Loan in the Mortgage Portfolio; or
- (f) the Security Trustee notifying the Issuer in writing that the security under the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in jeopardy; or
- (g) the occurrence of an Insolvency Event relating to the Seller.

Servicer Termination Events:

The Issuer or (following the delivery of an Enforcement Notice) the Security Trustee, may at once or at any time thereafter while such default continues, by notice in writing to the Servicer (with a copy to the Security Trustee or the Issuer (as applicable)), terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which default, in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee acting on the instructions of the Note Trustee (following the delivery of an Enforcement Notice), is materially prejudicial to the interests of the Noteholders and Certificateholders and which, in the case of a default or breach that is capable of remedy, continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and of receipt by the Servicer of written notice from the Issuer or the Seller (prior to the service of an Enforcement Notice) or the Security Trustee (following the delivery of an Enforcement Notice) requiring the same to be remedied;
- (c) the Servicer ceasing to be an authorised person under the FSMA or the revocation of an applicable licence, registration or regulatory permission held by it required to perform the Services;
- (d) an order is made, or an effective resolution passed for the winding up of the Servicer (unless the order is made for the purpose of a reorganisation the terms of which have been approved by the Issuer or, following the service of an Enforcement Notice, the Security Trustee and where the Servicer demonstrates to the satisfaction of the Issuer that it is solvent);
- (e) the occurrence of an Insolvency Event in respect of the Servicer (other than any frivolous or vexatious corporate action or any other corporate action, legal proceedings or other procedure or step referred to in paragraph (e) of the definition of "**Insolvency Event**" which is disputed in good faith with a reasonable prospect of success by the Servicer and dismissed or otherwise discharged within 30 days of being commenced);
- (f) the Servicer ceasing to carry on substantially the whole of its residential mortgage servicing business (for the avoidance of doubt, any sub-contracting or delegation in accordance with the Servicing Agreement would not constitute cessation of the Servicer's business); or

- (g) the occurrence of a Perfection Event (other than the occurrence of the Perfection Event under paragraph (b) of the definition of the "**Perfection Event**").

The Servicer may also terminate its appointment under the Servicing Agreement by giving not less than 60 days' written notice to the Issuer and the Seller (with a copy to the Security Trustee and the Back-Up Servicer Facilitator) of its intention to resign and **provided that** a replacement servicer (the "**Replacement Servicer**") has been appointed on substantially the same terms as those in the Servicing Agreement unless otherwise agreed by an Extraordinary Resolution of each Class of Noteholders and the Certificateholders (if no Notes are outstanding), as more fully set out in the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*".

FEES

The following table sets out the ongoing fees to be paid by the Issuer to the Transaction Parties.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicing fees:	<p>The servicing fees (the "Servicing Fees") payable by the Issuer on each Interest Payment Date, subject to there being sufficient Available Revenue Receipts and/or (without double counting) amounts standing to the Credit Reserve Ledger and payable in each case in accordance with the Pre-Enforcement Revenue Priority of Payments, being calculated on a monthly basis by reference to the aggregate Principal Outstanding Balance of the Mortgage Loans as at the first day of the relevant Monthly Collection Period (as calculated in the relevant Servicer Report) at a rate of 0.20 per cent. per annum and payable in arrear on the Interest Payment Date immediately following the Collection Period in which such Monthly Collection Period fell. Such fees shall be calculated on the basis of the actual number of days elapsed and a year of 365 days.</p> <p>The Servicing Fees shall be inclusive of any VAT.</p>	Ahead of all outstanding Notes and Residual Certificates.	Payable quarterly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer (including tax and audit costs):	<p>Estimated at approximately £160,000 per annum (inclusive of VAT, where so provided in the relevant Transaction Document or otherwise payable by the Issuer), subject to adjustment and/or indexation from time to time depending upon the underlying contract.</p>	Ahead of all outstanding Notes and Residual Certificates.	Payable up to every quarter in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes:	€14,040	Ahead of all outstanding Notes and Residual Certificates.	On or about the Closing Date.

As at the date of this Prospectus, the standard rate of UK VAT is 20 per cent.

RISK RETENTION REQUIREMENTS

On the Closing Date, the Retention Holder, as an originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation, will retain a material net economic interest of not less than five per cent. of the nominal value of the securitised exposures in the securitisation as required by Article 6(1) of the UK Securitisation Regulation and Article 6(1) of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures). As at the Closing Date, such interest will be satisfied by the Retention Holder subscribing for and thereafter holding an interest in each of the Classes of Notes sold or transferred to investors, represented in this case by the retention by the Seller of at least five per cent. of each Class of Notes, as required by Article 6(3)(a) of the UK Securitisation Regulation and Article 6(3)(a) of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures).

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the Investor Reports provided to the Noteholders pursuant to the Cash Management Agreement and the Servicing Agreement and published (in relation to the Cash Manager) on the Cash Manager Website and (in relation to the Servicer) to the UK Securitisation Repository and the EU Securitisation Repository.

The Retention Holder will undertake to the Issuer and the Security Trustee in the Mortgage Sale Agreement, to:

- (a) retain on an ongoing basis a material net economic interest of not less than five per cent. of the nominal value of the securitised exposures by holding at least five per cent. of each Class of Notes sold to the investors in accordance with paragraph (a) of Article 6(3) of the UK Securitisation Regulation and paragraph (a) of Article 6(3) of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures) (the "**Minimum Required Interest**");
- (b) not change the manner or form in which it retains the Minimum Required Interest, except as permitted under the UK Securitisation Regulation and the EU Securitisation Regulation;
- (c) not transfer, sell or hedge its interest in any Class of Notes and not to take any action which would reduce its exposure to the economic risk of any Class of Notes in such a way that it ceases to hold the Minimum Required Interest except as permitted under the UK Securitisation Regulation and the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures);
- (d) at all times confirm, promptly upon the written request of the Issuer or the Security Trustee, the continued compliance with paragraphs (a), (b) and (c) above;
- (e) promptly notify the Issuer or the Security Trustee if for any reason it (i) ceases to hold the Minimum Required Interest in accordance with the requirements of the Mortgage Sale Agreement or (ii) fails to comply with the covenants set out in the Mortgage Sale Agreement in respect of the Minimum Required Interest;
- (f) comply with the disclosure obligations applicable to it described in (i) Article 7 of the UK Securitisation Regulation and (ii) Article 7 of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer);
- (g) comply with the applicable disclosure obligations described in (i) Article 7(1)(e)(iii) of the UK Securitisation Regulation and (ii) Article 7(1)(e)(iii) of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer), by confirming the risk retention of the Retention Holder as contemplated by (i) Article 6(1) of the UK Securitisation Regulation and (ii) Article 6(1) of the EU Securitisation Regulation (as if it were applicable to Paratus), through the provision of, *inter alios*, the information in this Prospectus and disclosure in the Investor Reports (as prepared by the Cash Manager);
- (h) if any Noteholder requests that Paratus provides additional disclosure using any updated form of disclosure templates that may be adopted pursuant to the EU Securitisation Regulation in connection with the reporting undertakings set out in paragraphs (f) and (g) above, Paratus will consider that request and if it considers such request to be reasonable will endeavour to meet that request; and

- (i) if any Noteholder requests that it is provided with any relevant additional data and information referred to in Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation, Paratus will consider that request and if it considers such request to be reasonable will (subject to all applicable laws) endeavour to meet that request,

(such undertaking, the "**Risk Retention Undertaking**").

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus and Transaction Documents generally for the purposes of complying with Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation and any relevant national measures which may be relevant, and none of the Issuer, the Retention Holder, the Seller, the Cash Manager, the Servicer, the Note Trustee, the Security Trustee, the Issuer Account Bank, any Agent, the Joint Arrangers or the Joint Lead Managers or the Co-Manager: (i) makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes; (ii) assumes/accepts any liability to any prospective investor or any other person for any insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the requirements of the UK Securitisation Regulation and/or the EU Securitisation Regulation or any other applicable legal, regulatory or other requirements. For further information please see the section entitled "*General Information*".

For further information please refer to "*Risk Factors – Legal and Regulatory Risks – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*".

Information regarding the policies and procedures of the Originator

For the purposes of Article 5(1)(a) of the UK Securitisation Regulation and Article 5(1)(b) of the EU Securitisation Regulation, Paratus (as Originator) confirms that it has granted all the Mortgage Loans on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those Mortgage Loans and has effective systems in place to apply those criteria and processes in accordance with (i) Article 9(1) of the UK Securitisation Regulation and (ii) Article 9(1) of the EU Securitisation Regulation (as if it were applicable to Paratus and solely as it applies on the Closing Date), which include:

- (a) criteria for the granting of the mortgage loans and the underwriting of the mortgage loans (see "*The Mortgage Portfolio and the Mortgage Loans*");
- (b) systems in place to administer and monitor the mortgage loans and exposures (the Mortgage Portfolio will be serviced in line with the usual servicing procedures of the Originator – see "*Summary of the Key Transaction Documents – Servicing Agreement*");
- (c) adequate diversification of the Originator's mortgage loan books, given their target market and overall credit strategy (see "*Characteristics of the Provisional Mortgage Portfolio*"); and
- (d) written policies and procedures in relation to the management of mortgage loans in arrears (see "*Summary of the Key Transaction Documents – Servicing Agreement*").

WEIGHTED AVERAGE LIVES OF THE NOTES

"**Weighted average life**" refers to the average amount of time that will elapse from the date of issuance of a security to the date of principal redemption thereon. The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans and the quantum of Losses relating thereto and the amount of Available Revenue Receipts available to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

The actual weighted average lives of the Notes cannot be stated, as the ultimate rate of repayment and prepayment of the Mortgage Loans and a number of other relevant factors are unknown. However, estimates of the possible average lives of the Notes can be made based upon certain assumptions.

The figures contained in the following tables were prepared based on, *inter alia*, the characteristics of the loans included in the Mortgage Portfolio as at the Cut-Off Date, the provisions of the Conditions, Residual Certificates Conditions (as applicable) and the Transaction Documents, and certain additional assumptions (the "**Modelling Assumptions**"), including:

- (a) that as of the Cut-Off Date, the aggregate Principal Outstanding Balance of the Mortgage Loans comprising the Mortgage Portfolio is £457,368,049.79 and that the amortisation schedule (considering the remaining term provided in the Provisional Mortgage Portfolio) of the Mortgage Portfolio mirrors that calculated for each Mortgage Loan in the Mortgage Portfolio as at the Cut-Off Date by reference to the period commencing on the Cut-Off Date (and assuming, *inter alia*, the relevant assumptions documented below, including in particular but not limited to paragraphs (b), (c) and (u) together with the interest rate applicable to such Mortgage Loan as of the Cut-Off Date and its remaining term (calculated using the Cut-Off Date and the maturity of each Mortgage Loan));
- (b) that the amortisation of any Repayment Mortgage Loan is calculated as an annuity loan;
- (c) that all Mortgage Loans that are not Repayment Mortgage Loans are Interest Only Mortgage Loans;
- (d) the Notes are issued on 15th November 2023, with the first Interest Payment Date falling on 15th May 2024;
- (e) that no Mortgage Loans are in arrears or subject to enforcement actions and continue to perform until their redemption in full;
- (f) that no Mortgage Loans are subject to any payment deferrals;
- (g) other than in the case of the table entitled "*Call Exercised on Optional Redemption Date*", that no Mortgage Loan is sold by the Issuer (other than, where applicable, on or immediately prior to the Optional Redemption Date), either as a result of a repurchase by the Seller pursuant to the terms of the Mortgage Sale Agreement or otherwise;
- (h) in the case of the table entitled "*Call Exercised on Optional Redemption Date*", the Notes are redeemed at their Principal Amounts Outstanding on the Optional Redemption Date;
- (i) in the case of the table entitled "*Call Exercised on Optional Redemption Date*", the Notes are not redeemed as a result of the sale of the Mortgage Portfolio;
- (j) that Compounded Daily SONIA is equal to 5.18 per cent.;
- (k) the BBR is equal to 5.25 per cent.;
- (l) that the applicable fixed rate under the Swap Agreement for each relevant period is 3.58%
- (m) that no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (n) no interest is earned on the Issuer Account;
- (o) subject to paragraph (q) below, that fees in respect of the Mortgage Portfolio are equal to the sum of: (i) variable fees equal to 0.20 per cent. per annum of the aggregate Principal Outstanding Balance of the

Mortgage Loans at the beginning of each Monthly Collection Period; and (ii) fixed fees of £160,000 per annum (inclusive of VAT);

- (p) that all principal collections in respect of the Mortgage Portfolio arising from the Cut-Off Date will be available in the Issuer Account for application on each relevant Interest Payment Date thereafter;
- (q) no early repayment charges are assumed for the Mortgage Loans;
- (r) that all interest collections in respect of the Mortgage Portfolio arising from the Closing Date will be available in the Issuer Account for application on each relevant Interest Payment Date thereafter;
- (s) that all collections in respect of the Mortgage Portfolio comprised in the Global Collection Account and General Transaction Collection Account will be available for application on a relevant Interest Payment Date following the Closing Date;
- (t) that all amounts payable, including but not limited to interest on the Notes are calculated based on the actual number of days in the period and a year of 365 days provided that in the case of (i) and (ii) below such amounts are calculated based on a month of 30 days and a year of 360 days: (i) amortisation of the Mortgage Loans calculated pursuant to paragraph (a) above; and (ii) accrual of interest on the Mortgage Loans;
- (u) that each Interest Payment Date falls on 15th calendar day of May, August, November or February, with the first Interest Payment Date falling on 15 May 2024;
- (v) that, as of the Closing Date, the ratio of the Principal Amount Outstanding Balance of (i) the Class A Notes represents exactly 88.50% of the Principal Outstanding Balance of the Mortgage Loans (ii) the Class B Notes represents exactly 6.25% of the Principal Outstanding Balance of the Mortgage Loans (iii) the Class C Notes represents exactly 3.25% of the Principal Outstanding Balance of the Mortgage Loans (iv) the Class D Notes represents exactly 2.00% of the Principal Outstanding Balance of the Mortgage Loans and (v) the Class Z Notes represents exactly 1.25% of the Principal Outstanding Balance of the Mortgage Loans;
- (w) the Swap Agreements are not terminated, and each of the Swap Counterparties fully complies with its obligations under its respective Swap Agreement;
- (x) item (j) and (k) of the Available Revenue Receipts and item (h) of the Available Redemption Receipts are considered as zero;
- (y) no Revenue Deficit occurs.
- (z) the interest on the Notes is calculated using the day count basis of Actual/365;
- (aa) for the weighted average life of each Class of Notes, the day count basis is Actual/360;
- (bb) for the Swap Transaction calculation, the day count basis is Actual/365.

The actual characteristics and performance of the Mortgage Loans are likely to differ, perhaps materially, from the assumptions outlined herein (including the Modelling Assumptions), and the Modelling Assumptions outlined in this section do not profess to be an exhaustive list of assumptions employed.

The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cashflows available to the Issuer might behave under various prepayment scenarios. It should be noted that the Issuer does not expect that the Mortgage Loans will prepay at a constant rate until maturity, or that there will be no Losses or delinquencies on the Mortgage Loans. Any difference between the Modelling Assumptions and, *inter alia*, the actual prepayment or loss experience on the Mortgage Loans will affect the redemption profile of the Notes and may cause the weighted average lives of the Notes to differ (which difference could be material) from the figures in the tables for each indicated CPR.

"CPR" refers to an assumed annualised constant prepayment rate ("**R**") in respect of the loans and is periodicised in relation to a given Monthly Collection Period as follows:

$$1 - ((1 - R)^{(1/12)})$$

WAL (yrs) - Call Exercised on Optional Redemption Date					
CPR	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes
0%	3.53	3.55	3.55	3.55	3.55
5%	3.19	3.55	3.55	3.55	3.55
10%	2.88	3.55	3.55	3.55	3.55
15%	2.59	3.55	3.55	3.55	3.55
20%	2.32	3.55	3.55	3.55	3.55
25%	2.07	3.55	3.55	3.55	3.55
Pricing*	2.17	3.55	3.55	3.55	3.55

WAL (yrs) - Call Not Exercised on Optional Redemption Date					
CPR	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class Z Notes
0%	12.12	18.69	19.27	19.53	19.53
5%	7.82	15.60	16.23	16.69	16.90
10%	5.42	13.52	14.67	15.20	15.38
15%	4.00	11.32	12.99	13.90	14.30
20%	3.09	9.53	11.40	12.61	13.24
25%	2.47	7.97	9.98	11.52	12.32
Pricing*	2.96	10.28	12.56	13.89	14.55

Pricing CPR: 25% for months 1-24, 12% for months 25-52, 40% for months 53-60, 15% thereafter

EARLY REDEMPTION OF THE NOTES PURSUANT TO THE PORTFOLIO CALL OPTION OR THE RISK RETENTION REGULATORY CHANGE OPTION

The Mortgage Portfolio may be sold by the Issuer pursuant to: (a) the Portfolio Call Option or (b) on the occurrence of a Risk Retention Regulatory Change Event, the Risk Retention Regulatory Change Option. The Issuer will undertake not to dispose of the Mortgage Portfolio in any other circumstances (other than (i) following the delivery of an Enforcement Notice; or (ii) pursuant to Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*)).

Portfolio Call Option

The Issuer will, pursuant to a deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Portfolio Call Option Holder from time to time (the "**Deed Poll**"), grant to: (a) (where the Residual Certificates are represented by Definitive Residual Certificates) the holder of greater than 50 per cent. in number of the RC1 Residual Certificates or (where the RC1 Residual Certificates are represented by the Global Residual Certificate) the Certificateholder who holds the beneficial interest in more than 50 per cent. of the RC1 Residual Certificates; or (b) where no person holds greater than 50 per cent. in number of the RC1 Residual Certificates or, as applicable, beneficial interest in more than 50 per cent. in number of the RC1 Residual Certificates, the person who holds the greatest number of the RC1 Residual Certificates or, as applicable, the beneficial interest in the greatest number of the RC1 Residual Certificates (the "**Portfolio Call Option Holder**") an option (the "**Portfolio Call Option**") to require the Issuer to: (a) sell to the Portfolio Call Option Holder (or its nominee) (a "**Beneficial Title Transferee**") the beneficial title to all (but not some) Mortgage Loans and Related Security in the Mortgage Portfolio; and (b) to the extent applicable, transfer to the Portfolio Call Option Holder (or its nominee) (a "**Legal Title Transferee**", and, together with the Beneficial Title Transferee, a "**Title Transferee**") the right to call for the legal title to all (but not some) Mortgage Loans and Related Security in the Mortgage Portfolio transferred to it.

Subject to the satisfaction of certain conditions indicated in paragraphs (a) to (c) below, the Portfolio Call Option Holder shall be entitled to exercise the Portfolio Call Option in whole (but not in part) at any time in the period beginning no earlier than the Business Day immediately following the Interest Payment Date immediately preceding the Interest Payment Date falling in May 2027 (the "**Optional Redemption Date**") and **provided further that** the Exercise Notice shall have no effect if served earlier.

The Portfolio Call Option Holder may declare its intent to exercise the Portfolio Call Option by delivery of a written notice to the Issuer with a copy to the Note Trustee, the Security Trustee, the Seller, the Servicer and the Cash Manager (such notice, the "**Exercise Notice**"), **provided that** such delivery will take place: (i) no earlier than the Business Day immediately following the Interest Payment Date immediately preceding the intended Optional Portfolio Purchase Completion Date; and (ii) no later than ten Business Days before the intended Optional Portfolio Purchase Completion Date. The Issuer shall notify the Noteholders, the Note Trustee and Rating Agencies promptly following its acknowledgement of the Exercise Notice, such acknowledgment to take the form of the Issuer's countersignature to the Exercise Notice no later than the close of business on the Business Day following receipt of such Exercise Notice. By no later than 12pm on the Business Day following the receipt by the Issuer from the Cash Manager of the information in relation to the Portfolio Minimum Purchase Price, the Issuer shall notify the Portfolio Call Option Holder, the Note Trustee, the Security Trustee, the Seller and the Servicer of the Portfolio Minimum Purchase Price, and the Portfolio Call Option Holder shall confirm its acceptance of the Portfolio Minimum Purchase Price by its countersignature of such notice by no later than the close of business on such date. The Issuer will procure that the Servicer provides the information required by the Cash Manager to determine the Portfolio Minimum Purchase Price as soon as reasonably practicable and in any event within three Business Days following the Collection Period End Date immediately prior to the intended Optional Portfolio Purchase Completion Date. The Issuer will procure that upon the receipt of the relevant information from the Servicer, the Cash Manager will, **provided that** it has all information necessary to enable it to do so, determine and confirm the Portfolio Minimum Purchase Price no later than close of business on the Business Day immediately following its receipt of the relevant information from the Servicer.

Completion of the purchase by the Portfolio Call Option Holder will occur on the date specified in the Exercise Notice **provided that** the Optional Portfolio Purchase Completion Date shall fall on the Interest Payment Date on or immediately following the date of the Exercise Notice or such other date (being no later than the Interest Payment Date following the service of the Exercise Notice on which the Notes are to be redeemed) as the Issuer, Note Trustee, Security Trustee and Portfolio Call Option Holder may agree (such date to be notified to the Noteholders and Certificateholders) and **provided further that** the Optional Portfolio Purchase Completion Date

may fall no earlier than six Business Days after the Collection Period End Date immediately preceding the Interest Payment Date immediately following the date of the Exercise Notice.

There will be the following conditions to the exercise of the Portfolio Call Option:

- (a) where either the Beneficial Title Transferee or the Legal Title Transferee is not resident for tax purposes in the United Kingdom, the Portfolio Call Option Holder shall indicate in the Exercise Notice that the Beneficial Title Transferee or the Legal Title Transferee (as applicable) is not resident in the United Kingdom for tax purposes;
- (b) either:
 - (i) the Legal Title Transferee (or any servicer acting on its behalf) has all the appropriate licences, approvals, authorisations, consents, permissions and registrations (including any approvals, authorisations, consents, permissions and registrations required to be maintained under the FSMA and any rules and regulations of the FCA) required to administer buy-to-let mortgage loans such as the Mortgage Loans and their Related Security comprising the Mortgage Portfolio (the "**Relevant Authorisations**"); or
 - (ii) the Beneficial Title Transferee has appointed a servicer who has the Relevant Authorisations and that the Seller has confirmed in writing that it will hold legal title to the Mortgage Loans and their Related Security comprising the Mortgage Portfolio on trust for the Beneficial Title Transferee; and
- (c) the Beneficial Title Transferee shall not transfer the beneficial interest in any of the Mortgage Loans or their Related Security comprising the Mortgage Portfolio to a further purchaser that is not resident in the United Kingdom for tax purposes without first giving the Issuer five Business Days' written notice that the further purchaser is not resident in the United Kingdom for tax purposes.

Redemption of the Notes and the cancellation of the Residual Certificates

On the Interest Payment Date falling on or immediately following the Optional Portfolio Purchase Completion Date, the Portfolio Minimum Purchase Price, together with all amounts standing to the credit of the General Reserve Fund and (without double counting) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on such Interest Payment Date, will be applied in accordance with the Post-Enforcement Priority of Payments and will result in the Notes being redeemed in full. Any funds remaining may (subject to the payment of all amounts ranking in priority thereto in accordance with the Post-Enforcement Priority of Payments) be paid to the RC2 Certificateholders. Following the redemption in full of the Notes and subject to the Conditions and Residual Certificates Conditions, the Residual Certificates will be cancelled.

Any Revenue Receipts or Redemption Receipts received by the Issuer corresponding to any Monthly Collection Period falling after the immediately preceding Collection Period End Date or any interest on the Issuer Accounts received by the Issuer from but excluding the immediately preceding Collection Period End Date prior to the Optional Portfolio Purchase Completion Date will be payable, together with any minimum required amount that has been retained in the General Transaction Collection Account, to or for the account of the Beneficial Title Transferee, and the Issuer shall transfer all such amounts to or for the account of the Beneficial Title Transferee as soon as reasonably practicable following the Optional Portfolio Purchase Completion Date.

Optional Purchase Price

The purchase price for the Mortgage Portfolio under the Portfolio Call Option shall be an amount not less than (without double counting) the greater of:

- (a) an amount equal to the aggregate amount required to satisfy items (a) to (p) of the Post-Enforcement Priority of Payments on the Interest Payment Date on or following the Optional Portfolio Purchase Completion Date including (for the avoidance of doubt) the Issuer's costs and expenses: (i) incurred pursuant to the sale and redemption in connection with the exercise of the Portfolio Call Option; and (ii) associated with transferring its interests in any Mortgage Loans and their Related Security to the Portfolio Call Option Holder or its nominee (if any) and an amount agreed between the Issuer and the Portfolio

Call Option Holder in respect of costs anticipated to be incurred by the Issuer after the Optional Portfolio Purchase Completion Date; *less*

- (b) the balance standing to the credit of the General Reserve Fund; *less*
- (c) any other Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date,

(the "**Portfolio Minimum Purchase Price**").

In connection with the exercise of the Portfolio Call Option, the Title Transferee shall deposit an amount equal to the Portfolio Minimum Purchase Price in the Issuer Account on the Optional Portfolio Purchase Completion Date in consideration for the purchase of the Mortgage Loans and Related Security in the Mortgage Portfolio on the Optional Portfolio Purchase Completion Date and the Security Trustee shall, pursuant to the Deed of Charge, enter into a release of security in respect of such Mortgage Loans and Related Security with effect on the Optional Portfolio Purchase Completion Date.

At the cost of the Portfolio Call Option Holder, the Issuer shall serve, or if, at the time the Portfolio Call Option is exercised, the Issuer does not hold the whole legal title, direct the Seller to serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to effectively vest the legal title in the Legal Title Transferee (to the extent applicable), in each case subject to the terms and conditions set out in the Deed Poll, such notices to be given promptly after the Optional Portfolio Purchase Completion Date.

Risk Retention Regulatory Change Option

Pursuant to the Mortgage Sale Agreement, following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention Holder certifying in writing to the Issuer (copied to the Note Trustee) that a Risk Retention Regulatory Change Event has occurred, upon which certificate the Issuer (copied to the Note Trustee) shall be entitled to rely absolutely without liability to any person for so doing), the Retention Holder has the benefit of the Risk Retention Regulatory Change Option to require the Issuer to, on the date (the "**Risk Retention Regulatory Change Option Date**") specified in such notice (the "**Risk Retention Regulatory Change Option Exercise Notice**"):

- (a) sell and transfer to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio;
- (b) transfer to the Retention Holder the right to have legal title to the Mortgage Loans and their Related Security; and
- (c) to the extent applicable, direct that the Seller transfers legal title to the Mortgage Loans to the Retention Holder or its nominee (specified as such in the Risk Retention Regulatory Change Option Exercise Notice) in accordance with and subject to the terms of the Servicing Agreement,

in each case subject to the terms of the Mortgage Sale Agreement (the "**Risk Retention Regulatory Change Option**").

On the Interest Payment Date on or immediately following the Risk Retention Regulatory Change Option Date, the Notes will be redeemed in full as more fully described in the section entitled "*Redemption of the Notes and the cancellation of the Residual Certificates*" below.

Where the sale to the Retention Holder does not contemplate a transfer of legal title to the Mortgage Loans and their Related Security, the exercise of the Risk Retention Regulatory Change Option shall be conditional on the consent of the Seller to hold legal title on behalf of the Retention Holder or its nominee.

It will be a condition of the exercise of the Risk Retention Regulatory Change Option that: (a) where either the Retention Holder (or its nominee) (a "**Beneficial Title Transferee**") or the Retention Holder, or any nominee of the Retention Holder specified as such in the Risk Retention Regulatory Change Option Exercise Notice (a "**Legal Title Transferee**") is not resident for tax purposes in the United Kingdom, the Portfolio Call Option Holder shall indicate in the Risk Retention Regulatory Change Option Exercise Notice that the Beneficial Title Transferee or

the Legal Title Transferee (as applicable) is not resident in the United Kingdom for tax purposes; and (b) the Beneficial Title Transferee shall not transfer the beneficial interest in any of the Mortgage Loans or their Related Security comprising the Mortgage Portfolio to a further purchaser that is not resident in the United Kingdom for tax purposes without first giving the Issuer five Business Days' written notice that the further purchaser is not resident in the United Kingdom for tax purposes.

The Retention Holder may indicate its intent to exercise the Risk Retention Regulatory Change Option by delivering a Risk Retention Regulatory Change Option Exercise Notice to the Issuer with a copy to the Note Trustee, the Security Trustee, the Seller, the Servicer and the Cash Manager at any time following the occurrence of a Risk Retention Regulatory Change Event, **provided that** such Risk Retention Regulatory Change Option Exercise Notice shall be delivered: (i) no earlier than the Business Day immediately following the Interest Payment Date immediately preceding the intended Risk Retention Regulatory Change Option Date; and (ii) no later than ten Business Days before the intended Risk Retention Regulatory Change Option Date.

The Issuer shall notify the Noteholders, Note Trustee and Rating Agencies promptly following its acknowledgement of the Risk Retention Regulatory Change Option Exercise Notice, such acknowledgement to take the form of the Issuer's countersignature to the Risk Retention Regulatory Change Option Exercise Notice.

Completion of the transfers referred to at paragraphs (a) to (c) above will occur on the date specified in such notice, **provided that** the Risk Retention Regulatory Change Option Date shall fall on the Interest Payment Date immediately following the date of the Risk Retention Regulatory Change Option Exercise Notice or such earlier date as the Issuer, Note Trustee, Security Trustee and the Retention Holder may agree, and **provided further that** the Risk Retention Regulatory Change Option Date may fall no earlier than six Business Days after the Collection Period End Date immediately preceding the Interest Payment Date and immediately following the date of the Risk Retention Regulatory Change Option Exercise Notice.

The Retention Holder or its nominee will be required to deposit the full amount of the Risk Retention Regulatory Change Option Purchase Price in the Issuer Account or such other account agreed with the Issuer and the Security Trustee (on the direction of the Note Trustee) on or prior to the Risk Retention Regulatory Change Option Date or take such other action agreed with the Issuer and the Security Trustee.

Risk Retention Regulatory Change Option Purchase Price

The purchase price for the Mortgage Portfolio under the Risk Retention Regulatory Change Option shall be an amount (the "**Risk Retention Regulatory Change Option Purchase Price**") equal to (without double counting):

- (a) the amount required by the Issuer to pay in full all amounts payable under items (a) to (p) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date on or immediately following the Risk Retention Regulatory Change Option Date, including (for the avoidance of doubt) the Issuer's costs and expenses associated with transferring its interests in any Mortgage Loan and its Related Security to the Retention Holder or its nominee (if any), and an amount agreed between the Issuer and the Retention Holder in respect of costs anticipated to be incurred by the Issuer after the Risk Retention Regulatory Change Option Date; *less*
- (b) the balance standing to the credit of the General Reserve Fund; *less*
- (c) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date on or immediately following the Risk Retention Regulatory Change Option Date.

"**Risk Retention Regulatory Change Event**" means any change in or the adoption of any new law, rule, direction, guidance or regulation which requires the manner in which the Minimum Required Interest is held by the Retention Holder and the Seller to be restructured after the Closing Date or which would otherwise result in the manner in which the Minimum Required Interest is held by the Retention Holder to become non-compliant in relation to a Noteholder, including any changes in the applicable EU regulatory regime which (if such regime were applicable to Paratus) would have an equivalent effect.

Redemption of the Notes and the cancellation of the Residual Certificates

On the Interest Payment Date on or immediately following the Risk Retention Regulatory Change Option Date, the full amount of the Risk Retention Regulatory Change Option Purchase Price, together with all amounts

standing to the credit of the General Reserve Fund and (without double counting) all Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on that Interest Payment Date, will be applied in accordance with the Post-Enforcement Priority of Payments and will result in the Notes being redeemed in full. Any funds remaining may (subject to the payment of all senior amounts in accordance with the Post-Enforcement Priority of Payments) be paid to the RC2 Certificateholders. Following the redemption in full of the Notes, and subject to the Conditions and Residual Certificates Conditions, the Residual Certificates will be cancelled.

Any Revenue Receipts or Redemption Receipts received by the Issuer corresponding to any Monthly Collection Period falling after the immediately preceding Collection Period End Date or any interest on the Issuer Account received by the Issuer from but excluding the immediately preceding Collection Period End Date prior to the Risk Retention Regulatory Change Option Date will be payable, together with any minimum required amount that has been retained in the General Transaction Collection Account, to or for the account of the Beneficial Title Transferee as soon as reasonably practicable following the Risk Retention Regulatory Change Option Date.

USE OF PROCEEDS

The net proceeds of the Notes to be issued on the Closing Date amount to £463,087,000.

The Issuer will use the net proceeds of the issuance of the Notes on the Closing Date to:

- (a) pay the Initial Purchase Price payable by the Issuer for the Mortgage Portfolio to be acquired from the Seller on the Closing Date;
- (b) establish the General Reserve Fund through the retention of the General Reserve Fund Required Amount;
- (c) deposit the difference (expressed as a positive number) between the proceeds of the Collateralised Rated Notes issued on the Closing Date and the cumulative Principal Outstanding Balance of each Mortgage Loan in the Mortgage Portfolio as at the Cut-Off Date into the Issuer Account and credit such amount to the Redemption Receipts Ledger to be applied as Available Redemption Receipts on the First Interest Payment Date; and
- (d) retain certain amounts and pay certain fees and expenses of the Issuer incurred in connection with the issue of the Notes and the Residual Certificates on the Closing Date.

RATINGS

The Collateralised Rated Notes on issue (with respect to payments of interest and principal) are expected to be assigned the following ratings by Moody's and S&P. The Class Z Notes will not be rated by the Rating Agencies. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances so warrant.

Class of Notes	Moody's	S&P
Class A Notes	Aaa	AAA
Class B Notes	Aa1	AA
Class C Notes	A2	A+
Class D Notes	Baa1	BBB+

The ratings assigned by Moody's address, *inter alia*:

- in respect of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the likelihood of full and timely payment of interest due to the holders of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, respectively, on each Interest Payment Date; and
- the likelihood of full payment of principal to the holders of the Collateralised Rated Notes, respectively, by a date that is not later than the Final Maturity Date.

The ratings assigned by S&P address, *inter alia*:

- in respect of the Class A Notes and the Class B Notes, the likelihood of full and timely payment of interest due to the holders of the Class A Notes and the Class B Notes on each Interest Payment Date;
- in respect of the Class C Notes and the Class D Notes, the likelihood of full and timely payment of interest to the holders of the Class C Notes and the Class D Notes respectively on each Interest Payment Date when such class is the Most Senior Class of Notes; and
- the likelihood of full and ultimate payment of principal to the holders of the Collateralised Rated Notes on or prior to the Final Maturity Date.

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the UK and is registered under the UK CRA Regulation.

THE ISSUER

Introduction

The Issuer was incorporated under the laws of England and Wales on 27 September 2023 (registered number 15168036) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX. The telephone number of the Issuer's registered office is +44 (0)20 7398 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1.00 each, of which one is fully paid up and 49,999 are quarter-paid and all are held by Holdings (see the section entitled "*Holdings*").

The Issuer is legally and beneficially owned and controlled directly by Holdings (see the section entitled "*Holdings*"). The rights of Holdings as a shareholder in the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with those articles of association and with the provisions of English law.

The Issuer has no subsidiaries and does not control, directly or indirectly, any other company. The Seller and the Retention Holder do not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing asset backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes and the Residual Certificates. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5(b) (*Covenants*) and Residual Certificates Condition 5(b) (*Issuer Covenants*).

Under the Companies Act 2006 (as amended), the Issuer's governing documents, including its principal objects, may be altered by a special resolution of shareholders.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will nominate the requisite number of directors on the board of the Issuer, nominate a company secretary and provide a registered and administrative office, the arrangement of meetings of directors and shareholders. No remuneration is paid by the Issuer to or in respect of any director, company secretary or officer of the Issuer for acting as such.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public limited company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and Residual Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2023.

There is no intention to accumulate surpluses in the Issuer (other than amounts standing to the credit of the Issuer Profit Ledger, the Liquidity Reserve Ledger and the Credit Reserve Ledger).

Directors

The directors of the Issuer and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Corporate Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Corporate Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their principal activities are as follows:

Name	Business Address	Principal Activities
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Alasdair Watson	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Raheel Khan	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Jackie Sarpong	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Oskari Tammenmaa	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Robert Pitcher	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
John Paul Nowacki	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Debra Amy Parsall	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Aline Sternberg	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

The company secretary of the Issuer is Intertrust Corporate Services Limited whose directors and their principal activities are as follows:

Name	Business Address	Principal Activities
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Alasdair Watson	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Raheel Khan	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Jackie Sarpong	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

Oskari Tammenmaa	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Robert Pitcher	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
John Paul Nowacki	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Debra Amy Parsall	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Aline Sternberg	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus.

HOLDINGS

Introduction

Holdings was incorporated under the laws of England and Wales on 26 September 2023 (registered number 15166794) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 1 Bartholomew Lane, London, United Kingdom, EC2N 2AX. The issued share capital of Holdings comprises one ordinary share of £1.00. Intertrust Corporate Services Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share capital under a discretionary trust for discretionary purposes. Holdings holds the beneficial interest in the issued share capital of the Issuer.

Neither the Seller, the Retention Holder nor any company connected with the Seller or the Retention Holder can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer. Holdings does not have any control, direct or indirect, of any company other than the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in the Issuer.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will nominate the requisite number of directors on the board of Holdings, nominate a company secretary and provide a registered and administrative office, the arrangement of meetings of directors and shareholders. No remuneration is paid by Holdings to or in respect of any director, company secretary or officer of Holdings for acting as such.

Holdings has not engaged since its incorporation in any material activities other than those activities incidental to the authorisation and implementation of the Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

Directors

The directors of Holdings and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Corporate Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Corporate Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Alasdair Watson	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Raheel Khan	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

Jackie Sarpong	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Oskari Tammenmaa	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Robert Pitcher	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
John Paul Nowacki	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Debra Amy Parsall	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Aline Sternberg	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

The company secretary of Holdings is Intertrust Corporate Services Limited whose directors and their principal activities are as follows:

Name	Business Address	Principal Activities
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Alasdair Watson	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Raheel Khan	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Jackie Sarpong	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Oskari Tammenmaa	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Robert Pitcher	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
John Paul Nowacki	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Debra Amy Parsall	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Aline Sternberg	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2023.

Holdings has no employees.

THE SELLER, RETENTION HOLDER AND SERVICER

Paratus AMC Limited ("**Paratus**", the "**Seller**", the "**Retention Holder**" and the "**Servicer**") is a private limited company incorporated and registered in England and Wales under company number 03489004 and whose registered office is at 5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA.

Paratus AMC Limited is a provider of primary and special servicing for UK mortgages (including buy-to-let mortgages) with approximately £5.5 billion comprising 33,748 mortgage loans under management as of 28 February 2023 (including buy-to-let mortgage loans).

Paratus AMC Limited is authorised and regulated by the FCA under registration number 301128.

Paratus AMC Limited in its capacity as the Retention Holder has given certain undertakings in relation to the holding of the Minimum Required Interest which are set out in the section headed "*Risk Retention Requirements*".

For the purposes of Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation, Paratus (as Retention Holder and Originator) confirms:

- (a) that the Retention Holder was not a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No. 575/2013 at the time of origination of the Mortgage Loans in the Mortgage Portfolio;
- (b) that the Retention Holder (as originator) will retain on an ongoing basis a material economic interest in accordance with Article 6 of the UK Securitisation Regulation and Article 6 of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures) and that the risk retention will be disclosed to investors in accordance with Article 7 of the UK Securitisation Regulations (see "*Risk Retention Requirements*");
- (c) that the Issuer in its capacity as the Reporting Entity (or the Cash Manager on its behalf) is obliged to:
 - (i) make available the information required by Article 7 of the UK Securitisation Regulation in accordance with the frequency and modalities provided for in such article, and
 - (ii) make available the information required by Article 7 of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer); and
- (d) that if any Noteholder requests that it is provided with any relevant additional data and information referred to in Article 5 of the UK Securitisation Regulation and Article 5 of the EU Securitisation Regulation, Paratus will consider that request and if it considers such request to be reasonable will (subject to all applicable laws) endeavour to meet that request.

The management team of Paratus AMC Limited has significant relevant professional experience in the origination and servicing of mortgage loans similar to the Mortgage Loans in the Mortgage Portfolio. In particular, Hans Geberbauer (CEO of Paratus AMC Limited) has over 20 years' experience in the residential mortgage market in the UK and Europe, and Mike von Wielligh (Director of Capital Markets of Paratus AMC Limited) has over 17 years' capital markets experience. In addition, senior staff who are responsible for managing Paratus AMC Limited's origination of mortgage loans similar to the Mortgage Loans in the Mortgage Portfolio have significant relevant professional experience in the origination of such loans, at a personal level.

Source – Paratus AMC Limited.

THE NAB SWAP COUNTERPARTY

National Australia Bank Limited (ABN 12 004 044 937) ("**NAB**") is a public limited company incorporated in the Commonwealth of Australia and operates under Australian legislation including the Corporations Act 2001 of Australia. Its registered office is Level 28, 395 Bourke Street, Docklands, Victoria 3008, Australia.

NAB is the holding company for the NAB Group (comprising NAB and its controlled entities), as well as being the main operating company. As at 30 September 2022, the NAB Group had total assets of A\$1,055,126 million and total equity of A\$59,032 million.

The NAB Group is a financial services organisation with more than 35,000 colleagues, operating through 714 branches and business banking centres, with more than 595,000 shareholders and serving more than 10 million customers. The majority of the NAB Group's businesses operate in Australia and New Zealand, with additional operations located in Asia, the United Kingdom, France and the United States. The principal activities of the NAB Group during the year ended 30 September 2022 were banking services, credit and access card facilities, leasing, housing and general finance, international investment and private banking and wealth management services, funds management and custodian, trustee and nominee services.

Further information on NAB and the NAB Group, including its consolidated audited financial statements and accompanying notes thereto, may be accessed through www.nab.com.au/annualreports.

The information in the preceding four paragraphs is valid solely as at the date of this Prospectus and has been provided solely for use in this Prospectus. Except for the preceding four paragraphs, NAB and the NAB Group accept no responsibility for this Prospectus.

Source – NAB

THE NATIXIS SWAP COUNTERPARTY

The information contained in this section related to NATIXIS has been obtained from NATIXIS and is furnished solely to provide limited information regarding NATIXIS and does not purport to be comprehensive.

NATIXIS is a French multinational financial services firm specialized in asset & wealth management and corporate & investment banking. Natixis Corporate & Investment Banking, which is one of the two businesses of NATIXIS, provides advisory, investment banking, financing, corporate banking and capital markets services to corporations, financial institutions, financial sponsors and sovereign and supranational organizations worldwide.

Its teams of experts in close to 30 countries advise clients on their strategic development, helping them to grow and transform their businesses, and maximize their positive impact. It is committed to aligning its financing portfolio with a carbon neutrality path by 2050 while helping its clients reduce the environmental impact of their business.

The information contained in the preceding paragraphs has been provided by NATIXIS for use in this Prospectus. Except for the foregoing paragraphs, NATIXIS and its respective affiliates have not been involved in the preparation of, and do not accept responsibility for, this Prospectus.

Source – NATIXIS

CASH MANAGER

U.S. Bank Global Corporate Trust Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Global Corporate Trust Limited is a U.S. Bancorp group company that is dedicated to the provision of agency services in Europe as part of U.S. Bank Global Corporate Trust. Together with Elavon Financial Services DAC (the legal entity through which U.S. Bank Global Corporate Trust provides regulated banking services in Europe), U.S. Bank Trustees Limited (the legal entity through which U.S. Bank Global Corporate Trust primarily provides trustee and other fiduciary services in Europe) and U.S. Bank, National Association and U.S. Bank Trust Company, National Association (the legal entities through which the U.S. Bank Global Corporate Trust primarily conducts business in the United States), U.S. Bank Global Corporate Trust is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds; providing a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com.

Source – U.S. Bank Global Corporate Trust.

ISSUER ACCOUNT BANK

U.S. Bank Global Corporate Trust is a trading name under which a number of U.S. Bancorp group companies, including Elavon Financial Services DAC provide corporate trust services on a worldwide basis. Regulated banking services provided by U.S. Bank Global Corporate Trust in Europe are contracted through the head office of Elavon Financial Services DAC in Dublin or through its UK Branch from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom according to applicable regulatory requirements.

Elavon Financial Services DAC is a bank incorporated in Ireland and an indirect wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is regulated by the Central Bank of Ireland. and the activities of its UK Branch are authorised by the Central Bank of Ireland and the Prudential Regulation. The UK Branch is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

In the United States, U.S. Bank Global Corporate Trust provides trust services through U.S. Bank Trust Company, National Association and deposit and custody services through U.S. Bank National Association, both of which are banks regulated by the Office of the Comptroller of the Currency and in combination with its European operations is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds; providing a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com.

Source – Elavon Financial Services DAC

SECURITY TRUSTEE AND NOTE TRUSTEE

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited is a U.S. Bancorp group company that is dedicated to the provision of trustee and other fiduciary services in Europe as part of U.S. Bank Global Corporate Trust. Together with Elavon Financial Services DAC (the legal entity through which U.S. Bank Global Corporate Trust provides regulated banking services in Europe), U.S. Bank Global Corporate Trust Limited (the legal entity through which U.S. Bank Global Corporate Trust primarily provides agency services in Europe) and U.S. Bank, National Association and U.S. Bank Trust Company, National Association, (the legal entities through which the U.S. Bank Global Corporate Trust primarily conducts business in the United States), U.S. Bank Global Corporate Trust is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds; providing a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com.

Source – U.S. Bank Trustees Limited.

THE ORIGINATOR

Paratus AMC Limited

Paratus AMC Limited ("**Paratus**") is a private limited company incorporated in England and Wales under the Companies Act 1985 on 6 January 1998.

Paratus' primary business is mortgage lending and origination in the United Kingdom.

The registered office of Paratus is at 5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA.

The Originator is authorised by the FCA to conduct its business.

Source – Paratus AMC Limited

THE INITIAL LENDER OF RECORD

Landbay Partners Limited

Landbay Partners Limited ("**Landbay**") is a private limited company with company number 08668507 incorporated in England and Wales.

The registered office of Landbay is 7th Floor, 60 Buckingham Palace Road, London, England, SW1W 0AH.

Landbay's primary business is mortgage lending and origination and operating an electronic lending platform.

With respect to the Mortgage Loans originated under the lending platform established by Landbay, with Landbay as initial lender of record, all related mortgage applications were underwritten by the Seller using the Seller's systems and processes and each such Mortgage Loan was funded at origination by the Seller and the legal title of which has since been transferred to the Seller.

The Initial Lender of Record is authorised by the FCA to conduct its business.

THE GLOBAL COLLECTION ACCOUNT BANK AND COLLECTION ACCOUNT BANK

Barclays Bank PLC (the "**Bank**", and together with its subsidiary undertakings, the "**Barclays Bank Group**") is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the "**Barclays Group**" or "**Barclays**") is the ultimate holding company of the Barclays Group. The Bank's principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Barclays Group's operations include consumer banking and payment services in the United Kingdom, United States and Europe, as well as a global corporate and investment bank. The Barclays Group operates as two divisions – the Barclays UK ("**Barclays UK**") division and the Barclays International ("**Barclays International**") division – which are supported by Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Barclays Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, Barclays Bank UK PLC ("**BBUKPLC**") and certain other entities within the Barclays Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, the Bank and its subsidiaries, and by certain other entities within the Barclays Group.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings UK Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the unsecured unsubordinated long term obligations of the Bank are rated A+ by S&P Global Ratings UK Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited. The Bank's credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (the UK CRA Regulation) as having been issued by Fitch Ratings Limited (Fitch), Moody's Investors Service Ltd. (Moody's) and S&P Global Ratings UK Limited (S&P), each of which is established in the United Kingdom and has been registered under the UK CRA Regulation. The ratings Fitch, Moody's and S&P have given in relation to the Bank are endorsed by Fitch Ratings Ireland Limited, Moody's Deutschland GmbH and S&P Global Ratings Europe Limited respectively, each of which is established in the European Economic Area (EEA) and registered under Regulation (EU) No 1060/2009 on credit rating agencies (as amended, the EU CRA Regulation).

Based on the Barclays Bank Group's audited financial information for the year ended 31 December 2022, the Barclays Bank Group had total assets of £1,203,537m (December 2021: £1,061,778m), loans and advances at amortised cost of £182,507m (December 2021: £145,259m), total deposits at amortised cost of £291,579m (December 2021: £262,828m), and total equity of £58,953m (December 2021: £56,317m). The profit before tax of the Barclays Bank Group for the year ended 31 December 2022 was £4,867m (December 2021: £5,418m) after credit impairment charges of £933m (December 2021: credit impairment releases of £277m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2022, as set out in the 2022 20-F.

Based on the Barclays Bank Group's unaudited financial information for the six months ended 30 June 2023, the Barclays Bank Group had total assets of £1,246,636m (December 2022: £1,203,537m), loans and advances at amortised cost of £183,237m (December 2022: £182,507m), total deposits at amortised cost of £307,820m (December 2022: £291,579m), and total equity of £58,348m (December 2022: £58,953m). The profit before tax of the Barclays Bank Group for the six months ended 30 June 2023 was £3,132m (June 2022: £2,605m) after credit impairment charges of £688m (June 2022: credit impairment charges of £293m). The financial information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2023.

THE BACK-UP SERVICER FACILITATOR

The role of Back-Up Servicer Facilitator will be performed by Intertrust Management Limited (registered number 03853947), having its principal address at 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom.

The Back-Up Servicer Facilitator will be appointed pursuant to the terms of the Servicing Agreement to use their reasonable endeavours to appoint a Replacement Servicer if required.

Source – Intertrust Management Limited.

THE CORPORATE SERVICES PROVIDER

Intertrust Management Limited (registered number 03853947), having its principal address at 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom, will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

Intertrust Management Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loans.

Source – Intertrust Management Limited

THE MORTGAGE PORTFOLIO AND THE MORTGAGE LOANS

Introduction

The following is a description of some characteristics of the Mortgage Loans and includes details of Mortgage Loan types, the underwriting process, lending criteria and selected statistical information.

The Seller has identified a portfolio of mortgage loans (the "**Provisional Mortgage Portfolio**") to assign to the Issuer.

The Mortgage Portfolio may differ from the Provisional Mortgage Portfolio due to any redemptions of mortgage loans occurring, the death of the related Borrower, enforcement procedures being completed or repurchases by the persons who sold the relevant Mortgage Loan to the Seller, in each case during the period prior to the Cut-Off Date. As at the Cut-Off Date, the Provisional Mortgage Portfolio had the characteristics shown below. See "*Characteristics of the Provisional Mortgage Portfolio*". The Seller may also reduce the number of Mortgage Loans in the Mortgage Portfolio compared to the number of Mortgage Loans in the Provisional Mortgage Portfolio through the removal of randomly selected Mortgage Loans from the Provisional Mortgage Portfolio.

As of the Closing Date, the Seller holds the legal and beneficial title to such Mortgage Loans and their Related Security. The Seller will transfer the beneficial title of the Mortgage Portfolio to the Issuer pursuant to and subject to the terms of the Mortgage Sale Agreement on the Closing Date. Following the Closing Date, the Seller will continue to hold the legal title to such loans.

The sale by the Seller to the Issuer of each Scottish Mortgage Loan and its Related Security in the Mortgage Portfolio will be given effect by a Scots law governed declaration of trust by the Seller in favour of the Issuer granted on the Closing Date (in respect of Mortgage Loans in the Mortgage Portfolio that are Scottish Mortgage Loans) (the "**Scottish Declaration of Trust**").

The Originator and Initial Lender of Record

The Mortgage Loans in the Provisional Mortgage Portfolio were originated by the Seller itself under the brands of Foundation Home Loans ("**FHL**") and Keystone Property Finance Limited ("**Keystone**"). The Mortgage Loans were originated by the Seller itself apart from an aggregate Principal Outstanding Balance of circa £127,296 Landbay Mortgage Loan which was originated under the lending platform established by Landbay. Although the Landbay Mortgage Loan was funded at the point of origination by the Seller and the Seller underwrote and processed each application in respect of the Landbay Mortgage Loan and set the lending criteria, Landbay was the Initial Lender of Record in respect of those Mortgage Loans. Legal title to the Landbay Mortgage Loan was, from origination, held by Landbay on a bare trust for the benefit of the Seller. The Seller was entitled to call for the legal title to the Landbay Mortgage Loan at any time and the legal title to each of these Mortgage Loans has since been transferred to the Seller.

Cross-collateral Rights

Mortgage Loans originated under the lending platform established by Landbay (each such Mortgage Loan, a "**Cross-collateral Mortgage**") provide, among other things, certain rights (being "**Cross-collateral Rights**") which allow the relevant lender and mortgagee of any such Cross-collateral Mortgage:

- (a) to declare immediately due and repayable each liability secured by that Cross-collateral Mortgage and to exercise the statutory power of sale under that Cross-collateral Mortgage if and when the same mortgagee of any other Cross-collateral Mortgage in the name of the same mortgagor is entitled to declare immediately due and repayable any liability secured by that other Cross-collateral Mortgage; and
- (b) to apply the proceeds of enforcement under the Cross-collateral Mortgage of the relevant mortgagor against any and all liabilities secured by the Cross-collateral Mortgage.

Under the Mortgage Sale Agreement, the Seller will covenant that, so long as it remains the legal title holder of the Mortgage Loan which are secured by the Cross-collateral Mortgage:

- (a) it shall only have Cross-collateral Rights in respect of the Cross-collateral Mortgage that it beneficially owns;

- (b) it waives all rights to exercise Cross-collateral Rights if the Cross-collateral Mortgage is not beneficially owned by it and any rights to the proceeds of enforcement of Cross-collateral Mortgage not beneficially owned by it; and
- (c) it shall not enforce against the Cross-collateral Mortgage in respect of a Mortgage Loan comprised in the Mortgage Portfolio unless such Mortgage Loan itself is in default and if it enforces the Cross-collateral Mortgage in respect of such Mortgage Loan, the proceeds of such enforcement shall be applied by or on behalf of it firstly to repay all amounts owing by the mortgagor under such Mortgage Loan and, secondly, to the extent there are additional proceeds of enforcement, apply such proceeds in accordance with the applicable Mortgage Loan Agreement.

Characteristics of the Mortgage Loans

Repayment Terms

The Mortgage Loans have different repayment methods, as described as follows:

- (a) *Repayment*: a Mortgage Loan under the terms of which monthly instalments covering both interest and principal are payable so that by the stated maturity date for that Mortgage Loan (a "**Repayment Mortgage Loan**") the full amount of principal advanced to the Borrower (in addition to the interest) has been repaid.
- (b) *Interest Only*: a Mortgage Loan under the terms of which the Borrower is only obliged to pay interest during the term of that Mortgage Loan (an "**Interest Only Mortgage Loan**") with the entire principal amount being payable only upon the relevant maturity date. As the principal amount associated with an Interest Only Mortgage Loan is repayable only upon the maturity of the Mortgage Loan, a life insurance or endowment policy or other repayment vehicle may have been taken out by a Borrower as a means of repayment of the Mortgage Loan. However, the Originator will not have required the Borrower to provide evidence as to the existence of any such policies (to the extent that such a policy was required as a condition of the related Mortgage Loan) and such policies are not charged by way of collateral security.
- (c) *Part and Part*: a Mortgage Loan in respect of which the Borrower is obliged to make payments of principal during the term of such loan (a "**Part and Part Mortgage Loan**") in partial repayment of the total principal amount, with the remaining principal being repayable on the stated maturity date.

Interest Rate Setting for Mortgage Loans

The applicable rate of interest accruing under each Mortgage Loan is referred to as the "**Mortgage Rate**". The Provisional Mortgage Portfolio consists of:

- (a) Mortgage Loans which bear a floating rate of interest equal to BBR (as defined in the Mortgage Conditions) plus a margin (the "**Tracker Mortgage Loans**");
- (b) Mortgage Loans where the applicable Mortgage Rate is a fixed rate of interest for an initial period of up to five years and three months from the date of its origination (the "**Fixed Rate Mortgage Loans**"); and
- (c) Mortgage Loans which allows the relevant Borrowers to pay interest at a reduced margin over the BBR for a fixed period, the "**Discounted Tracker Mortgage Loans**").

Mortgage Payment Dates

All Borrowers are obliged to make Monthly Payments of interest and, if applicable, principal as required by the conditions of the Mortgage Loans contained in the relevant Mortgage Loan documentation. The Mortgage Loans have payment dates throughout the month.

Lending Criteria

The following list of lending criteria (the "**Lending Criteria**") is a summary consolidating each of the lending criteria which have been applied in relation to the Mortgage Loans as at the Closing Date. Capitalised terms used in this section are used in respect of the Lending Criteria only, unless the context otherwise requires.

A. General Lending Criteria for Mortgage Loans

In this Prospectus:

"FHL Mortgage Loans" means all the Mortgage Loans originated by the Seller under its Foundation Home Loans brand;

"Keystone Mortgage Loans" means the Mortgage Loans originated by the Seller under the Keystone brand or under the lending platform established by Landbay (as Initial Lender of Record), being the combination of Landbay Mortgage Loan and Paratus Mortgage Loans.

"Landbay Mortgage Loan" means any Keystone Mortgage Loan originated under the lending platform established by Landbay as Initial Lender of Record; and

"Paratus Mortgage Loans" means the Keystone Mortgage Loans originated by the Seller.

With respect to the Landbay Mortgage Loan, all related mortgage applications were underwritten by the Seller using the Seller's systems and processes and such Landbay Mortgage Loan was funded at origination by the Seller and the legal title of which has since been transferred to the Seller.

There are some differences between the Lending Criteria in respect of the Keystone Mortgage Loans and the FHL Mortgage Loans.

Security

- (a) Each loan was required to be secured by a first ranking legal mortgage (an **"English Mortgage"**) over a freehold or long leasehold residential property in England or Wales (each an **"English Property"**) or secured by first ranking standard security (a **"Scottish Mortgage"**) over a heritable or long leasehold residential property located in Scotland (a **"Scottish Property"**). The Scottish Mortgages and the English Mortgages are collectively defined as the **"Mortgages"** and a Scottish Property and an English Property are each a **"Property"** and together, the **"Properties"**.
- (b) Only Properties let under (i) an assured shorthold tenancy with a term not exceeding 36 months or (ii) a short assured tenancy within the meaning of the Housing (Scotland) Act 1988 (in relation to a Scottish Mortgage Loan) with a term of six or twelve months, in each case or (iii) a private residential tenancy within the meaning of the Private Housing (Tenancies) (Scotland) Act 2016, were acceptable, and, in the case of a short assured tenancy within the meaning of the Housing (Scotland) Act 1988, notice must have been given to the relevant tenant in accordance with Section 32 of that Act. Properties occupied by the borrower(s) or an immediate family member were not acceptable.
- (c) Properties under ten years old were required to have the benefit of a new build warranty from an agreed list of suppliers.
- (d) The following are examples of types of property which were deemed unacceptable as security:
 - (i) Properties with an unexpired lease term of less than 50 years at the end of the mortgage term (or an unexpired term of less than 125 years at the point of application in the case of MUP Mortgage Loans);
 - (ii) freehold flats and maisonettes (other than in Scotland);
 - (iii) shared ownership Properties;
 - (iv) Properties of 100 per cent. timber construction or steel frame construction;
 - (v) Properties containing mundic block materials;
 - (vi) Grade I listed buildings;
 - (vii) commercial Properties;
 - (viii) mobile homes and houseboats; and

- (ix) Properties likely to be adversely affected by local planning.
- (e) Each Property offered as security was required to have been valued by a professionally qualified surveyor (MRICS/FRICS qualification) chosen from a panel of valuation firms approved by the lender. In some cases, automated valuation models were used for the assessment of the existing portfolio of borrowers with or looking to acquire four mortgaged properties (portfolio landlords).
- (f) Each Property was required to have been insured by the Borrower.

Borrowers

- (a) Borrowers were required to be, in the case of individuals, at least 18 years of age prior to completion of the loan and in the case of companies, a limited company registered in England and Wales or Scotland.
- (b) A maximum number of four Borrowers (including any guarantors) were allowed to be parties to a Keystone Mortgage Loan. In the case of FHL Mortgage Loans, a maximum number of two applicants were permitted for each application by individuals and the maximum number of directors permitted for each application by a company is four. All directors were required to sign a personal guarantee for 100 per cent. of the loan amount and, in the case of FHL Mortgage Loans, guarantors were not acceptable for applications by individual(s).
- (c) The Borrower's credit and employment history were to be assessed with the aid of any or all of the following:
 - (i) a search supplied by a credit reference agency;
 - (ii) confirmation of voters roll entries;
 - (iii) proof of income;
 - (iv) accounts or accountant's certificate;
 - (v) Mortgage evidence or evidence from current and/or previous lenders on other loans or arrears; and
 - (vi) bank statements.
- (d) Applications where a county court judgment (or its Scottish equivalent, a sheriff court decree) ("**CCJ**") relating to a Borrower has been revealed by the credit reference search or instalment arrears have been revealed by lenders' or landlords' references were acceptable under the Lending Criteria, subject to certain conditions which vary depending on the credit assessment of the Borrower.
- (e) Borrowers who were the subject of a bankruptcy order (or, in Scotland, an award of sequestration) ("**BO**") or individual voluntary arrangement ("**IVA**") or, in Scotland, where a Borrower has entered into a trust deed for the benefit of his or her creditors, in the six years immediately preceding their applications were not acceptable. Borrowers with a financial associate who had been subject to a BO or IVA were acceptable.
- (f) Applications from a company were declined where there is history of its director or directors having: (i) directorship of involuntarily liquidated or involuntary wound up companies; (ii) links to other companies which have been put in to receiverships; or (iii) links with companies which have entered into a Company Voluntary Arrangements.

"**Borrower**" means, in relation to a loan, the person or persons specified as such in the relevant Mortgage, together with the person or persons (if any) from time to time, assuming an obligation to repay such loan or any part of it.

Term

Mortgage Loans were required to have a term of between five and 30 years.

Solicitors/Title Insurance Providers

Any firm of solicitors acting on behalf of the lender on the making of each loan was required to meet certain minimum requirements. For example, in England and Wales, they were required to have registered with the Solicitors Regulation Authority ("**SRA**") at least three SRA-registered managers and were required to hold Conveyancing Quality Scheme membership or accreditation. In Scotland, any firm acting on behalf of the lender only is required to have at least two directors or partners regulated by the Law Society of Scotland and are required to be on Foundation Home Loans' panel of solicitors.

In respect of the loans, either solicitors were required to have carried out usual investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors or conveyancers normally make when lending to a person on the security of residential property in England and Wales or Scotland, or in lieu of such searches, actions and enquires title insurance acceptable to the Seller was obtained and in respect of the loans a certificate of title or report on title relating to such Property was provided by its solicitors or conveyancers before any loan was advanced

The Issuer would have the benefit of the title insurance in respect of the loans sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement.

Valuation

A mortgage valuation was required in respect of any Property offered as security for a Mortgage Loan. The value of the Properties in connection with each Mortgage Loan was required to be determined at origination in accordance with the standards and practices of the RICS Valuation Standards (including those relating to competency and required documentation) by a Valuer who is an employee or a contractor of a valuer firm engaged by the Originator and accredited to Originator's approved Panel of Valuers, who is a fellow, member or associate member of the Royal Institution of Chartered Surveyors ("**RICS**") and whose compensation is not affected by the approval or non-approval of the Mortgage Loan. The Panel of Valuers is maintained (including the appointment of valuer firms to the Panel of Valuers) by the credit risk area of the Originator with no involvement of sales or product staff. Likewise, sales and product staff are not involved in the selection of the Valuer firm from the Panel of Valuers engaged to carry out the valuation of the Properties in connection with each Mortgage Loan. For portfolio landlords, automated valuation models will be used in some cases for the assessment of their existing portfolio where certain conditions apply. Valuations were to be carried out in accordance with a valuation methodology as would be acceptable to a Prudent Mortgage Lender. All relevant sections of the valuation report were to be taken into account when considering whether or not the Property forms a suitable security. Each valuation report was required to include three comparable properties providing evidence for the valuation of each Property.

Loan Amount

Mortgage Loans were required to be at least £50,000. Mortgage Loans were required not to exceed £3,000,000, whilst Keystone Mortgage Loans were generally required not to exceed £750,000 with greater amounts (up to £1,000,000) being considered on a case-by-case basis.

Loan to Value

- (a) The loan to value ratio (the "**LTV**") was calculated by dividing the gross principal amount committed at completion of the loan (exclusive of any arrangement fee which may be added to the loan) by the lower of the valuation of the Property at origination of the loan and the purchase price.
- (b) The maximum LTV of each loan at the date of the advance (the "**Maximum LTV**") for FHL Mortgage Loans varied between products, but should not have been:
 - (i) over 85 per cent. for Mortgage Loans of up to £500,000;
 - (ii) no more than 75 per cent. for Mortgage Loans of more than £500,000 and up to £1,000,000;
 - (iii) no more than 65 per cent. for Mortgage Loans of more than £1,000,000 and up to £2,000,000.
- (c) In the case of FHL Mortgage Loans, for MUP Mortgage Loans and HMO Mortgage Loans of:
 - (i) up to £500,000, the Maximum LTV should not have been over 80 per cent;

- (ii) over £500,000 up to £1,000,000, the Maximum LTV should not have been over 75 per cent; and
 - (iii) over £1,000,000 up to £1,500,000, the Maximum LTV should not have been over 65 per cent.
- (d) The Maximum LTV for Keystone Mortgage Loans varied between products but was generally required to be:
- (i) no more than 80 per cent. for Mortgage Loans of up to £500,000;
 - (ii) no more than 75 per cent. for Mortgage Loans of more than £500,000 and up to £750,000; and
 - (iii) no more than 65 per cent. for Mortgage Loans of more than £750,000 and up to £1,500,000.
- (g) In the case of Keystone Mortgage Loans, the Maximum LTV for MUP Mortgage Loans and HMO Mortgage Loans should not have been over 75 per cent. of the Mortgage Portfolio limits of £3 million applied for each individual borrower and all directors of a limited company.

Rental Income Requirements

Affordability was assessed on the basis of rental income coverage on an interest only basis. For FHL Mortgage Loans with a five-year fixed rate, the calculation was based on the product pay rate. For FHL Mortgage Loans with a fixed term of less than five years, the calculation was based on a notional rate of 5.5 per cent. In the case of FHL Mortgage Loans, the standard rent calculation was or will be, as applicable, based on: (i) 145 per cent. of the stressed monthly mortgage payment for higher rate taxpayer individuals; (ii) 125 per cent. of the monthly mortgage payment for lower rate tax payer individuals, (iii) 135 per cent. of the monthly mortgage payment where joint borrowers are a combination of higher and lower rate tax payers; or (iv) 125 per cent. of the stressed monthly mortgage payments for limited companies. In the case of Keystone Mortgage Loans, the standard rent calculation was based on either: (i) 145 per cent. of the monthly mortgage payment for individuals; or (ii) 125 per cent. of the monthly mortgage payments for limited companies.

Where the repayment method is capital and interest, a further condition was that the rental income must cover 100 per cent. of payment .

Product Switches

From time to time a Borrower may request, or the Seller or the Servicer (on behalf of the Seller) may offer, in limited circumstances, a variation in the financial terms and conditions applicable to the Borrower's Mortgage Loan to move that Borrower to an alternative mortgage product. Any such variation is a **Product Switch** (which term is defined further in the section entitled "*Assignment of the Mortgage Loans and Related Security – Product Switches*").

A Mortgage Loan which is subject to a Product Switch may remain in the Mortgage Portfolio subject to the terms contained in the Mortgage Sale Agreement.

B. Residence

All applicants were required to be resident in the UK at the time of application and, in the case of FHL Mortgage Loans, would usually be expected to be permanently resident in the UK for the last 3 years (unless they fall under certain criteria or are being treated as expatriates). In the case of Keystone Mortgage Loans, foreign nationals were required to have been resident in the UK for a continuous period of two years, have had permanent right to reside, and have been paying UK income tax at the point of application.

Expatriates, being UK nationals living and working abroad, were acceptable for Keystone Mortgage Loans provided the application was in a limited company name. In the case of FHL Mortgage Loans, expatriates were acceptable provided the application was in a limited company name or personal basis and fell within certain criteria (including, for example, such expatriate paying UK tax, having at least one buy-to-let property in the UK, and a UK bank account). The expatriate must have been based in an acceptable region .

C. Valuation

Investors should be aware that, other than the valuation of Properties undertaken as at origination (as more fully described in this section entitled "*The Mortgage Portfolio and the Mortgage Loans*"), no revaluation of any Property has been undertaken by the Seller, the Issuer or the Servicer (as the case may be), the Security Trustee or any other person in respect of the issue of the Notes, and the valuations quoted are at the date of the original mortgage loan origination.

CHARACTERISTICS OF THE PROVISIONAL MORTGAGE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Mortgage Portfolio with an aggregate Principal Outstanding Balance of £457,368,050 as of the Cut-Off Date and is described further in the section entitled "*The Mortgage Portfolio and the Mortgage Loans – Introduction*". The information contained in this section will not be updated to reflect any decrease in the size of the Mortgage Portfolio from that of the Provisional Mortgage Portfolio.

The information in this section "*Characteristics of the Provisional Mortgage Portfolio*" was extracted from the administrative systems relating to the Provisional Mortgage Portfolio as at the Cut-Off Date. The Provisional Mortgage Portfolio was selected as at the Cut-Off Date and comprised 2,085 Mortgage Loans with an aggregate Principal Outstanding Balance of £457,368,050.

The characteristics of the Mortgage Portfolio as at the Closing Date will vary from those of the Provisional Mortgage Portfolio as a result of, *inter alia*, the exclusion of: (i) Mortgage Loans which redeem prior to the Closing Date (in accordance with their terms); (ii) Mortgage Loans which at any time prior to the Cut-Off Date are found not to comply with the warranties to be given in respect of the Mortgage Loans on the Closing Date as set out in the Mortgage Sale Agreement; and (iii) any Product Switches in relation to any Mortgage Loans. The Seller may also reduce the number of Mortgage Loans in the Mortgage Portfolio compared to the number of Mortgage Loans in the Provisional Mortgage Portfolio through the removal of randomly selected Mortgage Loans from the Provisional Mortgage Portfolio.

Except as otherwise indicated, these tables have been prepared using the Principal Outstanding Balance as at the Cut-Off Date. Columns may not add up to the total due to rounding.

A representative sample of 430 Mortgage Loans has been the subject of external verification by an appropriate and independent third party. This verification extended to both compliance with the Lending Criteria and verification of the data set out herein and was completed to a confidence level of 99 per cent. No significant adverse findings were found as part of this verification.

As at the Cut-Off Date, the Provisional Mortgage Portfolio had the following characteristics:

Summary Statistics

Cut-Off Date:	31/08/2023
Aggregate Principal Outstanding Balance (£):	457,368,050
Total Original Advance Made (£):	464,250,568
No. of Accounts:	2,085
Average Principal Outstanding Balance per Account (£):	219,361
Maximum Mortgage Loan Principal Outstanding Balance (£):	1,429,921
WA Current Interest Rate (%):	5.87%
WA Reversion Margin (%):	4.73%
WA Seasoning (Months):	43.38
WA Remaining Term (Years):	18.73
WA OLTV (%):	69.87%
WA CLTV (%):	69.23%
WA Rental Cover (%):	173.57%
Properties with Full Valuation (%):	100.00%
Performing loans* (%):	96.82%
Interest Only (%):	96.73%
Buy-to-let (%):	100.00%
Bankruptcy/Iva (%):	0.00%

*Mortgage Loans with zero arrears

Lender of Record	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
FHL	436,995,253	95.55	1972	94.58
Paratus/Keystone	20,245,500	4.43	112	5.37
Landbay/Keystone	127,296	0.03	1	0.05
Total	457,368,050	100.00	2,085	100.00

Pool Identifier	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
New Origination	107,176,136	23.43	608	29.16
Twin Bridges 2017-1	2,999,985	0.66	12	0.58
Twin Bridges 2018-1	84,114,087	18.39	368	17.65
Twin Bridges 2019-1	88,125,105	19.27	310	14.87
Twin Bridges 2019-2	123,451,612	26.99	493	23.65
Twin Bridges 2020-1	3,007,793	0.66	11	0.53
Twin Bridges 2021-1	13,094,283	2.86	79	3.79
Twin Bridges 2021-2	21,990,570	4.81	146	7.00
Twin Bridges 2022-1	560,773	0.12	5	0.24
Twin Bridges 2022-3	4,968,183	1.09	26	1.25
Twin Bridges 2023-1	7,879,522	1.72	27	1.29
Total	457,368,050	100.00	2,085	100.00

Principal Outstanding Balance (£)	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
<= £50,000	824,982	0.18	21	1.01
> £50,000 <= £100,000	39,603,867	8.66	519	24.89
> £100,000 <= £150,000	47,246,600	10.33	385	18.47
> £150,000 <= 200,000	42,619,930	9.32	244	11.70
> £200,000 <= £250,000	53,529,806	11.70	237	11.37
> £250,000 <= £300,000	50,521,015	11.05	183	8.78
> £300,000 <= £350,000	50,617,606	11.07	158	7.58
> £350,000 <= £400,000	36,554,946	7.99	98	4.70
> £400,000 <= £450,000	27,383,820	5.99	65	3.12
> £450,000 <= £500,000	25,176,904	5.50	53	2.54
> £500,000 <= £550,000	13,585,236	2.97	26	1.25
> £550,000 <= £600,000	9,239,719	2.02	16	0.77
> £600,000 <= £650,000	13,752,209	3.01	22	1.06
> £650,000 <= £700,000	10,043,013	2.20	15	0.72
> £700,000 <= £750,000	10,131,578	2.22	14	0.67
> £750,000 <= £800,000	8,445,935	1.85	11	0.53
> £800,000 <= £900,000	5,976,107	1.31	7	0.34
> £900,000	12,114,778	2.65	11	0.53
Total	457,368,050	100.00	2,085	100.00

Average Current Outstanding Balance

219,361.17

Original Outstanding Balance (£)	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
> £50,000 <= £100,000	39,385,867	8.61	525	25.18
> £100,000 <= £150,000	45,673,955	9.99	378	18.13
> £150,000 <= £200,000	41,850,349	9.15	244	11.70
> £200,000 <= £250,000	53,066,504	11.60	238	11.41
> £250,000 <= £300,000	50,849,791	11.12	189	9.06
> £300,000 <= £350,000	50,559,218	11.05	160	7.67
> £350,000 <= £400,000	38,267,011	8.37	104	4.99
> £400,000 <= £450,000	27,026,426	5.91	66	3.17
> £450,000 <= £500,000	26,619,629	5.82	57	2.73
> £500,000 <= £550,000	13,301,275	2.91	26	1.25
> £550,000 <= £600,000	9,239,719	2.02	16	0.77
> £600,000 <= £650,000	14,816,893	3.24	24	1.15
> £650,000 <= £700,000	10,043,013	2.20	15	0.72
> £700,000 <= £750,000	9,403,478	2.06	13	0.62
> £750,000 <= £800,000	8,445,935	1.85	11	0.53
> £800,000 <= £900,000	6,704,207	1.47	8	0.38
> £900,000.....	12,114,778	2.65	11	0.53
Total	457,368,050	100.00	2,085	100.00

Average Original Advance Amount

222,662.14

Current Indexed Loan to Value	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
> 0% <= 50%	47,510,242	10.39	255	12.23
> 50% <= 55%	36,573,204	8.00	165	7.91
> 55% <= 60%	78,843,778	17.24	350	16.79
> 60% <= 65%	105,428,842	23.05	480	23.02
> 65% <= 70%	100,012,491	21.87	357	17.12
> 70% <= 75%	39,271,476	8.59	180	8.63
> 75% <= 80%	42,053,969	9.19	249	11.94
> 80% <= 85%	7,263,648	1.59	46	2.21
> 85% <= 90%	410,400	0.09	3	0.14
Total	457,368,050	100.00	2,085	100.00

Weighted Average CILTV

62.43%

Original Loan to Value	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
> 0% <= 50%	22,031,963	4.82	110	5.28
> 50% <= 55%	16,893,814	3.69	69	3.31
> 55% <= 60%	19,806,787	4.33	86	4.12
> 60% <= 65%	38,252,658	8.36	156	7.48
> 65% <= 70%	75,726,899	16.56	265	12.71
> 70% <= 75%	59,823,838	13.08	256	12.28
> 75% <= 80%	211,680,319	46.28	1056	50.65
> 80% <= 85%	13,151,772	2.88	87	4.17
Total	457,368,050	100.00	2,085	100.00

Weighted Average OLV

69.87%

Current Loan to Value	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
> 0% <= 50%	26,157,844	5.72	153	7.34
> 50% <= 55%	20,699,376	4.53	91	4.36
> 55% <= 60%	21,599,807	4.72	90	4.32
> 60% <= 65%	38,514,097	8.42	154	7.39
> 65% <= 70%	75,988,735	16.61	272	13.05
> 70% <= 75%	60,428,002	13.21	264	12.66
> 75% <= 80%	201,050,317	43.96	976	46.81
> 80% <= 85%	12,929,872	2.83	85	4.08
Total	457,368,050	100.00	2,085	100.00

Weighted Average CLTV

69.23%

Origination Year	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Jan 2015 – Dec 2015	815,765	0.18	5	0.24
Jan 2016 – Dec 2016	1,850,071	0.40	9	0.43
Jan 2017 – Dec 2017	30,507,462	6.67	143	6.86
Jan 2018 – Dec 2018	131,063,588	28.66	504	24.17
Jan 2019 – Dec 2019	151,745,649	33.18	602	28.87
Jan 2020 – Dec 2020	7,058,838	1.54	38	1.82
Jan 2021 – Dec 2021	27,150,541	5.94	176	8.44
Jan 2022 – Dec 2022	8,446,705	1.85	17	0.82
Jan 2023 – Dec 2023	98,729,431	21.59	591	28.35
Total	457,368,050	100.00	2,085	100.00

Minimum Origination Date
Maximum Origination Date

Oct 2015
Aug 2023

Original Term (years)	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
5 <= x < 10	5,813,841	1.27	27	1.29
10 <= x < 15	32,694,149	7.15	136	6.52
15 <= x < 20	50,339,372	11.01	237	11.37
20 <= x < 25	109,622,224	23.97	448	21.49
25 <= x < 30	208,013,417	45.48	997	47.82
30 <= x < 35	50,885,047	11.13	240	11.51
Total	457,368,050	100.00	2,085	100.00

Weighted Average Original Term

22.3 Years

Remaining Term (years)	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
0 <= x < 5	8,518,349	1.86	41	1.97
5 <= x < 10	29,861,675	6.53	127	6.09
10 <= x < 15	68,056,658	14.88	287	13.76
15 <= x < 20	140,627,175	30.75	604	28.97
20 <= x < 25	168,296,584	36.80	803	38.51
25 <= x < 30	42,007,609	9.18	223	10.70
Total	457,368,050	100.00	2,085	100.00

Weighted Average Remaining Term

18.7 Years

Repayment Type	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Interest Only	442,415,470	96.73	1973	94.63
Capital and Interest	13,248,614	2.90	103	4.94
Part and Part	1,703,966	0.37	9	0.43
Total	457,368,050	100.00	2,085	100.00

Current Interest Rate	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
2.5% <= x < 3%.....	9,405,811	2.06	9	0.43
3% <= x < 3.5%.....	100,899,678	22.06	420	20.14
3.5% <= x < 4%.....	80,820,874	17.67	293	14.05
4% <= x < 4.5%.....	10,572,928	2.31	32	1.53
4.5% <= x < 5%.....	10,595,717	2.32	50	2.40
5% <= x < 5.5%.....	8,169,036	1.79	55	2.64
5.5% <= x < 6%.....	29,505,233	6.45	153	7.34
6% <= x < 6.5%.....	8,605,046	1.88	45	2.16
6.5% <= x < 7.0%.....	15,076,037	3.30	98	4.70
7.0% <= x < 7.5%.....	42,679,708	9.33	245	11.75
7.5% <= x < 8.0%.....	30,689,280	6.71	176	8.44
8.0% <= x < 8.5%.....	44,415,381	9.71	165	7.91
8.5% <= x < 9.0%.....	9,410,220	2.06	45	2.16
9.0% <= x < 9.5%.....	821,575	0.18	9	0.43
8.5% <= x < 10.0%.....	50,465,988	11.03	254	12.18
>= 10.0%.....	5,235,538	1.14	36	1.73
Total.....	457,368,050	100.00	2,085	100.00

Weighted Average Current Interest Rate

5.87%

Loan Purpose	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Re-Mortgage	296,984,044	64.93	1214	58.23
Purchase	160,384,006	35.07	871	41.77
Total.....	457,368,050	100.00	2,085	100.00

Arrears Multiple	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
0.00.....	442,819,907	96.82	2029	97.31
0.00 – 0.99.....	3,316,943	0.73	12	0.58
1.00 – 1.99.....	5,040,916	1.10	19	0.91
2.00 – 2.99.....	2,237,471	0.49	9	0.43
3+.....	3,952,812	0.86	16	0.77
Total.....	457,368,050	100.00	2,085	100.00

Region*	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
London.....	236,181,399	51.64	672	32.23
South East.....	61,649,505	13.48	266	12.76
North West.....	26,464,570	5.79	238	11.41
East of England.....	40,543,693	8.86	192	9.21
South West.....	24,210,448	5.29	123	5.90
West Midlands.....	19,676,006	4.30	139	6.67
East Midlands.....	13,893,752	3.04	111	5.32
Yorkshire & Humberside.....	14,094,038	3.08	129	6.19
Wales.....	9,232,603	2.02	84	4.03
North East.....	5,109,377	1.12	58	2.78
Scotland.....	6,312,659	1.38	73	3.50
Total.....	457,368,050	100.00	2,085	100.00

*as per the Nomenclature of Territorial Units for Statistics (NUTS)

Seasoning (months)	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
0 <= x < 6	24,618,919	5.38	174	8.35
6 <= x < 12	81,339,984	17.78	431	20.67
12 <= x < 18	1,217,234	0.27	3	0.14
18 <= x < 24	351,197	0.08	3	0.14
24 <= x < 30	22,962,493	5.02	152	7.29
30 <= x < 36	9,835,569	2.15	56	2.69
42 <= x < 48	30,028,307	6.57	117	5.61
48 <= x < 54	92,703,070	20.27	382	18.32
>= 54	194,311,278	42.48	767	36.79
Total	457,368,050	100.00	2,085	100.00

Weighted Average Seasoning

43.38 months

Employment Type	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Self Employed	317,991,672	69.53	1324	63.50
Employed	116,224,929	25.41	642	30.79
Pensioner	23,151,449	5.06	119	5.71
Total	457,368,050	100.00	2,085	100.00

Property Type	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Residential (Terraced)	188,213,667	41.15	905	43.41
Residential (Detached or Semi Detached)	113,005,722	24.71	431	20.67
Flat/Apartment	144,694,067	31.64	692	33.19
Bungalow	9,875,820	2.16	50	2.40
Other	1,578,774	0.35	7	0.34
Total	457,368,050	100.00	2,085	100.00

Property Valuation Type	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Full	457,368,050	100.00	2085	100.00
Total	457,368,050	100.00	2,085	100.00

Rental Coverage	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
125% <= x < 150%	170,018,067	37.17	668	32.04
150% <= x < 175%	134,181,021	29.34	515	24.70
175% <= x < 200%	73,571,306	16.09	354	16.98
200% <= x < 225%	30,096,276	6.58	182	8.73
225% <= x < 250%	14,162,036	3.10	98	4.70
250% <= x < 275%	10,735,182	2.35	80	3.84
275% <= x < 300%	7,356,643	1.61	46	2.21
>= 300%	17,247,517	3.77	142	6.81
Total	457,368,050	100.00	2,085	100.00

Maturity Date	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Jan 2023 - Dec 2027	4,731,412	1.03	22	1.06
Jan 2028 - Dec 2032	25,412,870	5.56	105	5.04
Jan 2033 - Dec 2037	50,903,453	11.13	221	10.60
Jan 2038 - Dec 2042	110,268,337	24.11	454	21.77
Jan 2043 - Dec 2047	168,314,691	36.80	752	36.07
Jan 2048 - Dec 2051	85,331,671	18.66	442	21.20
Dec 2051 +	12,405,616	2.71	89	4.27

Total	457,368,050	100.00	2,085	100.00
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Reversion Margin	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
0.00% <= x < 4.50%	287,929	0.06	2	0.10
4.50% <= x < 4.75%	242,056,502	52.92	977	46.86
4.75% <= x < 5.00%	214,128,084	46.82	1101	52.81
>= 5.00%	895,535	0.20	5	0.24
Total	457,368,050	100.00	2,085	100.00

Final Step Date	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Reverted or Tracker Loans*	55,989,455	12.24	292	14.00
Jan 2023 - Dec 2023	39,061,617	8.54	135	6.47
Jan 2024 - Dec 2024	153,047,390	33.46	591	28.35
Jan 2025 - Dec 2025	134,110,768	29.32	661	31.70
Jan 2027 - Dec 2027	1,851,995	0.40	5	0.24
Jan 2028 - Dec 2028	73,306,826	16.03	401	19.23
Total	457,368,050	100.00	2,085	100.00

* Variable Mortgage Loans do not revert

Borrower Type	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Individual	227,551,451	49.75	927	44.46
Limited Company	229,816,599	50.25	1158	55.54
Total	457,368,050	100.00	2,085	100.00

Product Type	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
Fixed (Reverts to BBR)	299,511,508	65.49	1310	62.83
Tracker	55,989,455	12.24	292	14.00
Discount (Tracking BBR)	101,867,087	22.27	483	23.17
Total	457,368,050	100.00	2,085	100.00

Number of CCJs - Satisfied and Unsatisfied	Current Outstanding Balance (£)	Current Outstanding Balance (%)	Number of Accounts	Number of Accounts (%)
0	454,380,506	99.35	2068	99.18
1	2,134,500	0.47	12	0.58
>= 2	853,043	0.19	5	0.24
Total	457,368,050	100.00	2,085	100.00

ASSIGNMENT OF THE MORTGAGE LOANS AND RELATED SECURITY

The Seller is currently: (i) the legal title holder in respect of each Mortgage Loan and its Related Security and (ii) both the legal title holder and beneficial title holder in respect of certain Mortgage Loans and their Related Security.

Immediately prior to the Closing Date, the beneficial title to the Mortgage Loans and their Related Security are held by each of Mortar No.2 Limited ("**Warehouse Issuer 2**"), Mortar No.3 Limited ("**Warehouse Issuer 3**") and Mortar No.4 Limited ("**Warehouse Issuer 4**") and, together with Warehouse Issuer 2 and Warehouse Issuer 3, the "**Warehouse Issuers**") under asset backed origination warehouse transactions and other warehousing transactions, and will be acquired by the Seller on or before the Closing Date by entering into a repurchase agreement with each Warehouse Issuer.

On the Closing Date, the Seller will hold the legal and the beneficial title to each Mortgage Loan and its Related Security.

The mortgage portfolio so purchased by the Seller from each Warehouse Issuer, together with the Mortgage Loans in respect of which the Seller is both the legal title holder and beneficial title holder (the "**Mortgage Loans**") will constitute the Mortgage Portfolio.

On the Closing Date the Issuer will purchase the Mortgage Loans and their Related Security in the Mortgage Portfolio from the Seller pursuant to the Mortgage Sale Agreement. The purchase of the Mortgage Portfolio from the Seller will be financed by a portion of the issue proceeds of the Notes and will therefore, indirectly, constitute a refinancing of the existing transaction of each Warehouse Issuer who has held the mortgage portfolio until the Closing Date.

Pursuant to the sale and assignment under the Mortgage Sale Agreement to be entered into between the Seller, the Retention Holder the Security Trustee, the Issuer and the Servicer on the Closing Date, the Seller will agree to sell and assign the Mortgage Portfolio, comprising the Mortgage Loans together with all Related Security, to the Issuer.

In addition to providing for the sale and assignment of the Mortgage Portfolio, the Mortgage Sale Agreement also sets out or provides for the following:

- (a) the representations and warranties to be given by the Seller, including in relation to the Mortgage Loans and the Related Security and the repurchase of Mortgage Loans and Related Security in case of a breach of a warranty relating thereto which has not been remedied within the Grace Period, subject to a limitation on the time periods for making claims;
- (b) the undertaking of the Seller (in its capacity as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) to retain, on an ongoing basis, a material net economic interest of not less than five per cent. in the securitisation in accordance with Article 6 of the UK Securitisation Regulation and Article 6 of the EU Securitisation Regulation as if it were applicable to it (which does not take into account any relevant national measures), which retention will be achieved by the Seller subscribing for and thereafter holding an interest in each of the Classes of Notes sold to investors, represented in this case by the retention by the Retention Holder of at least five per cent. of each Class of Notes;
- (c) the repurchase by the Seller of Mortgage Loans together with their Related Security upon the occurrence of certain events; and
- (d) the circumstances for the transfer of legal title to the Mortgage Loans and their Related Security to the Issuer.

The Servicer is required under the terms of the Servicing Agreement to ensure the safe custody of the title deeds.

Consideration

On the Closing Date, the Seller will contract to sell and assign to the Issuer with full title guarantee, or in the case of the Scottish Mortgage Loans comprised in the Mortgage Portfolio, with absolute warrandice, the Mortgage Loans and Related Security. The assignment of the Mortgage Loans will be an assignment which takes effect in

equity only. The transfer and assignment of the beneficial interest in the Scottish Mortgage Loans and their Related Security will be effected by the Scottish Declaration of Trust granted by the Seller in favour of the Issuer on the Closing Date (and in relation to Scottish Mortgage Loans, references in this Prospectus to the "equitable assignment" of Mortgage Loans are to be read as references to the transfer of the beneficial interest therein by the making of such declaration of trust and the terms "assign" and "assigned" shall in that context be construed accordingly, and references in this Prospectus to "**beneficial title**" are to be read as references to the beneficial interest of a beneficiary under a declaration of trust). The transfer of legal title to the Mortgage Loans and their Related Security may not occur or, if it does occur, will not occur until a later date, as described further in the section entitled "*Transfer of legal title to the Issuer*" below.

The consideration payable by the Issuer to the Seller for the Mortgage Loans and their Related Security in the Mortgage Portfolio on the Closing Date will consist of an amount equal to £457,368,049.79, and the issue and delivery of the Residual Certificates to, or at the direction of, the Seller.

On the Reconciliation Date, the Cash Manager (based on information made available to it by the Servicer and subject to the receipt of such information) will calculate:³

- (i) Revenue Receipts in respect of the Mortgage Loans received from (and including) the Closing Date to (and including) 30 November 2023, to the extent that the same has not otherwise been received by the Issuer (the "**Closing Revenue Reconciliation Amount**"); and
- (ii) the difference (if any) between the Principal Outstanding Balance of the Mortgage Loans as at the close of business on the Cut-Off Date and the Principal Outstanding Balance of the Mortgage Loans as at the close of business on the Business Day immediately preceding the Closing Date, being an amount representing an aggregate of all amounts referred to in the definition of Redemption Receipts (to the extent applicable and, for the avoidance of doubt, other than in paragraphs (b) and (e) of the definition of Redemption Receipts) received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as determined by the Cash Manager on the Reconciliation Date (the "**Closing Redemption Reconciliation Amount**" and together with the Closing Revenue Reconciliation Amount the "**Closing Reconciliation Amounts**").

In accordance with the Cash Management Agreement the Servicer has agreed to provide all relevant information to the Cash Manager which the Cash Manager requires to determine the Closing Reconciliation Amounts.

As a reduction of the Initial Purchase Price, the Seller shall be required to make a payment to the Issuer Account in an amount equal to such Closing Reconciliation Amounts no later than seven Business Days after the Reconciliation Date which will form part of the available redemption of the Issuer.

Mortgage Loan Warranties and Breach of Mortgage Loan Warranties

The Mortgage Sale Agreement contains the Mortgage Loan Warranties given by the Seller in relation to the Mortgage Loans which are beneficially and legally owned by it on the Closing Date. No searches, enquiries or independent investigations have been or will be made by the Issuer, who is relying upon the Mortgage Loan Warranties.

The remedies for a breach of a Mortgage Loan Warranty under the Mortgage Sale Agreement are described in the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties and Product Switch Conditions*".

The following are certain of the Mortgage Loan Warranties (or extracts or summaries of certain warranties) given by the Seller in relation to the Mortgage Loans and the Related Security assigned by it to the Issuer under the Mortgage Sale Agreement on (i) the Closing Date and (ii) the Switch Date:

Mortgage Loans

- (a) As at the Cut-Off Date in relation to the Mortgage Loans, particulars of each Mortgage set out in the data tape delivered pursuant to the terms of the Mortgage Sale Agreement are true, complete and accurate in all material respects.

³ Closing Revenue Receipts and Closing Redemption Receipts dates to be confirmed.

- (b) Each Mortgage Loan was originated by the Seller itself (in the case of the FHL Mortgage Loans and Paratus Mortgage Loans) or under the lending platform established by Landbay, with Landbay as Initial Lender of Record (in the case of the Landbay Mortgage Loan) in the ordinary course of its buy-to-let mortgage lending activities pursuant to underwriting standards that are no less stringent than those that the Seller applied at the time of origination to similar exposures that are not securitised.
- (c) The relevant Mortgage Loan has not been marketed and underwritten on the premise that the Borrower as loan applicant or, where applicable intermediaries were made aware that the information provided might not be verified by the Seller.
- (d) At the time at which each Mortgage Loan was originated, the assessment of the relevant Borrower's creditworthiness which the Seller conducted in accordance with the Lending Criteria met the requirements set out in Article 8 of Directive 2008/48/EC/EU, paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU, in each case as it forms part of the domestic law by virtue of the EUWA, and, where applicable, equivalent requirements in third countries.
- (e) Each Mortgage Loan was originated in GBP, is denominated in GBP and is repayable in GBP.
- (f) At the time of origination:
 - (i) no FHL Mortgage Loan has a loan amount of less than £50,000 or more than £3,000,000; and
 - (ii) no Keystone Mortgage Loan has a loan amount of less than £50,000 or more than £1,000,000.
- (g) The maximum Original Loan to Value ratio in respect of each Mortgage Loan (in each case excluding fees) is:
 - (i) 85 per cent. in respect of the FHL Mortgage Loans;
 - (ii) in respect of the Keystone Mortgage Loans:
 - (A) 80 per cent. in respect of the Keystone Mortgage Loans which are neither MUP Mortgage Loans nor HMO Mortgage Loans and which have an initial loan amount of up to £500,000;
 - (B) 75 per cent. in respect of all other Keystone Mortgage Loans; and
 - (iii) in respect of each Mortgage Loan which is not an FHL Mortgage Loan or a Paratus Mortgage Loan (in each case excluding fees) is 85 per cent.
- (h) Each Mortgage Loan had a minimum ICR of 125 per cent. for corporate borrowers, 125 per cent. for individual borrowers that are basic rate taxpayers and 145 per cent. for individual borrowers that are higher rate taxpayers as at the date of its respective origination where the calculation of the ICR shall be made by reference to the interest chargeable only on the original principal amount advanced to the relevant Borrower (excluding fees).
- (i) Prior to the making of each advance in respect of each Mortgage Loan, the Lending Criteria and all preconditions to the making of such Mortgage Loan were satisfied in all material respects subject only to exceptions made on a case-by-case basis as would be acceptable to a Prudent Mortgage Lender.
- (j) The Lending Criteria were, at the time each Mortgage Loan was originated, consistent with the criteria that would be used by a Prudent Mortgage Lender (including, without limitation, in accordance with the FCA MCOB handbook).
- (k) Each Mortgage Loan and its related Mortgage has been made on the terms of the Standard Documentation (so far as applicable) which has not been varied in any material respect, and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect, in each case other than pursuant to any Product Switch or any Permitted Variation.

- (l) In respect of each Mortgage Loan the first payment due from the Borrower in respect of such Mortgage Loan has been received in full.
- (m) Each Mortgage Loan and its related Mortgage and any guarantee given in support of the Borrower's obligations thereunder constitutes a legal, valid, binding and enforceable obligation of the Borrower and/or the guarantor, and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower in priority to any other charges registered against the Property except that: (i) enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies; and (ii) this warranty shall not apply in respect of any early repayment charges, mortgage administration exit fees or charges payable in the event of a Borrower default.
- (n)
 - (i) Interest on each Mortgage Loan has been charged by the Seller (as Originator) and/or the Initial Lender of Record, as applicable, in accordance with the provisions of the Mortgage Loan and its related Mortgage, save in cases where payment concessions or arrangements to pay have been negotiated with the Borrower in the ordinary course of servicing of the Mortgage Loans.
 - (i) Each Mortgage Loan is a Fixed Rate Mortgage Loan, a Tracker Mortgage Loan or a Discounted Tracker Mortgage Loan.
 - (ii) Where a Mortgage Loan includes a floating interest rate from time to time, such floating interest rate shall be equal to (A) the Bank of England base rate; or (B) such other rate as may be set by the Seller (or the Servicer) from time to time.
- (o) No Mortgage Loan is more than, or equal to, one Monthly Payment in arrears.
- (p)
 - (i) No agreement for any Mortgage Loan is in whole or in part a regulated agreement or regulated credit agreement (as defined in Section 8 of the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time), the "CCA" and Chapter 14A of Part 2 of the RAO, respectively).
 - (ii) No Mortgage Loan is or has ever been a regulated mortgage contract as defined by Article 61(3)(a) of the Regulated Activities Order.
- (q) In respect of each Corporate Mortgage Loan:
 - (i) each Borrower is a private company incorporated with limited liability in England and Wales or Scotland;
 - (ii) the Seller has not received written notice of any steps having been taken for the liquidation or winding-up of, or the making of an administration order or analogous proceedings in relation to, such Borrower or of any steps having been taken to enforce any security over the assets of such Borrower (including, without limitation, the appointment of any receiver of rent in respect of the Borrower);
 - (iii) prior to making the initial advance to such Borrower, the Originator and/or the Initial Lender of Record instructed solicitors to undertake to conduct a search at Companies House in relation to such Borrower which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower;
 - (iv) in relation to such Borrower, the Borrower signed all relevant documentation by a duly authorised director;
 - (v) the Originator and/or the Initial Lender of Record, acting as a Prudent Mortgage Lender, carried out a company search at the underwriting stage to identify the directors and shareholders of the corporate borrower, and to establish whether any incidence of default was registered against either the individuals (where such individual was either a director of the company or held 20 per cent. or more of the company's shares) or the company itself; and

- (vi) the solicitor acting for the Originator and/or the Initial Lender of Record was instructed that the particulars of the relevant Mortgage and any floating charge, together with the instrument by which they were created, be registered with Companies House within 21 days of the date of the grant of the Mortgage, and that a certificate of registration shall be received in respect of such registration.
- (r) Unless a Borrower is a corporate borrower, each Borrower is an individual and aged 18 years or older at the date of entering into the relevant Mortgage Loan, and the identity of each Borrower and each guarantor for a corporate borrower has been verified by the Originator and/or the Initial Lender of Record in accordance with procedures which would be acceptable to a Prudent Mortgage Lender.
- (s) No Mortgage Loan is or will be repayable later than 30 years after the date on which it was originated.
- (t) All formal approvals, consents and other steps necessary to permit an assignment, assignation or transfer of the Mortgage Loans, the Mortgages and their Related Security in the manner contemplated by the Transaction Documents have been obtained or taken and there is no requirement, in order for the transfer to be effective, to obtain the consent of any Borrower before, on or after any equitable or beneficial transfer or before any legal transfer of the Mortgage Loans and their Related Security, and such transfer or disposal will not give rise to any claim by any Borrower against the Issuer, the Security Trustee or any of their successors in title or assigns.
- (u) None of the Related Security or Ancillary Rights in respect of a Mortgage Loan or any Mortgage Loans advanced to individuals consist of "stock" or "marketable securities" (as such terms are defined for the purposes of section 125 of the Finance Act 2003) or "chargeable securities" (as such term is defined for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003) or a "chargeable interest" (as such term is defined for the purposes of section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013), or a "chargeable interest" (as such term is defined for the purposes of section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017) or a "transferable security" (as such term is defined for the purpose of Article 4(1) of Directive 2014/65/EU and published in the Official Journal of the European Union), and that none of the Mortgage Loans advanced to non-individuals consists of or includes any "chargeable securities" (as such term is defined for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003), or a "chargeable interest" (as such term is defined for the purposes of section 4 of the Land and Buildings Transaction Tax (Scotland) Act 2013), or a "chargeable interest" (as such term is defined for the purposes of section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017), or a "transferable security" (as such term is defined for the purpose of Article 4(1) of Directive 2014/65/EU and published in the Official Journal of the European Union), and each such Mortgage Loan is one or both of:
 - (i) a "debenture" which is not a "marketable security" for the purposes of paragraph 25 of Schedule 13 of the Finance Act 1999; and
 - (ii) "exempt loan capital" (that is, loan capital that is exempt from stamp duty on transfer under section 79(4) of the Finance Act 1986).
- (v) Each Mortgage Loan is a "financial asset" as defined in International Accounting Standard 32 (IAS32).
- (w) To the extent that any Mortgage Loan and related Mortgage are subject to the UTCCR and the CRA, no action whether formal or informal has been taken by: (i) the OFT, the FCA or a "qualifying body", as defined in the UTCCR and the CRA from time to time; or (ii) any Borrower or any other person against the Seller and/or Landbay (in respect of the Keystone Mortgage Loans) pursuant to the UTCCR and the CRA or otherwise which might restrict or prevent the enforcement of any term of any Mortgage Loan and related Mortgage, including any action to declare any term as being "unfair" for the purposes of the UTCCR and the CRA.
- (x) No Borrower is an employee of the Seller, the Servicer and/or the Initial Lender of Record nor, to the best of the Seller's knowledge, of any of their respective affiliates.

- (y) Each Mortgage Loan is a buy-to-let mortgage loan and no Borrower is entitled to reside in the relevant Property.
- (z) To the best of the Seller's knowledge (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries), at the time of the relevant application for a Mortgage, no Borrower had filed for bankruptcy, entered into an individual voluntary arrangement, protected trust deed or been sequestrated or had a county court judgment (or the Scottish equivalent) entered or awarded against him in the period commencing on the date falling six years prior (or two years prior in relation to county court judgments, other than in the case of Mortgage Loans with an aggregate Principal Outstanding Balance of no more than £0.00 as of the Cut-Off Date) to the date they executed the relevant Mortgage and ending on the day they executed the relevant Mortgage.
- (aa) There are no outstanding claims in respect of any material breaches of the terms of any Mortgage Loan or a Mortgage.
- (bb) No lien, right of set-off (or analogous right), counterclaim or other right of deduction exists between the Seller and any Borrower or any other party that would entitle that Borrower to reduce any amount payable under the relevant Mortgage Loan.
- (cc) No Mortgage Loan or its related Mortgage contains a mandatory obligation on the part of the Seller to make any Further Advances.
- (dd) Immediately prior to the transfer of the Mortgage Loans pursuant to the Mortgage Sale Agreement, the Seller was: (i) the absolute beneficial owner of the Mortgage Loans, their related Mortgages and their Related Security, free from all encumbrances; and (ii) the absolute legal owner of the Mortgage Loans, their related Mortgages and their Related Security.
- (ee) In relation to each Mortgage Loan and its related Property (other than a Cross-collateral Mortgage), there are no other mortgage loans originated by the Seller itself or under the lending platform established by Landbay, with Landbay as the Initial Lender of Record that are secured on such Property and not being sold to the Issuer pursuant to the terms of the Mortgage Sale Agreement.
- (ff) The underlying Standard Documentation used in respect of each Mortgage Loan is governed by and subject to the laws of England and Wales or Scotland, as applicable.
- (gg) The brochures, application forms, offers, offer conditions and marketing material distributed by the Seller to the Borrower when offering a Mortgage Loan to a Borrower do not conflict in any material respect with the terms applicable to the relevant Mortgage Loan and its Related Security at the time that the Mortgage Loan was entered into; and do not conflict with and would not prohibit or otherwise limit the terms of the Transaction Documents or the matters contemplated thereby.
- (hh) Neither the Seller nor, as far as the Seller is aware after having made all reasonable enquiries, any of the Seller's agents and/or Landbay's agents has received written notice of any litigation, claim, dispute or complaint (excluding any vexatious or frivolous complaint) (in each case, subsisting, threatened or pending) in respect of any Borrower, Property, Mortgage Loan, Related Security or Contingency Insurance Policy which (if adversely determined) might have a material adverse effect on the value of any Mortgage Loan or which may call into question in any material way its title to any Mortgage Loan or Related Security.
- (ii) For each Mortgage Loan, proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts, proceedings and notices relating to that Mortgage Loan in accordance with applicable law and applicable regulatory guidance or directions and are in all material respects up to date, accurate and in the possession of the Seller.
- (jj) Each Mortgage Loan has been entered into by the Seller and/or the Initial Lender of Record and the Borrower in accordance with all applicable laws to the extent that failure to comply with those laws would have a material adverse effect on the enforceability or the collectability of that Mortgage Loan or its Related Security.

(kk) All Mortgage Loans are governed by English law or Scots law, as applicable.

Mortgages

- (a) Each Mortgage constitutes a valid and subsisting first ranking legal mortgage or standard security over the relevant Property, and secures the repayment of all advances, interest, costs and expenses and other amounts payable by the Borrower under the related Mortgage Loan.
- (b) Each Borrower has good and marketable title to the relevant Property (subject to registration or recording of the title at the Land Registry or the Registers of Scotland where required) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage or standard security) which would materially adversely affect such title or the value of the Property for security purposes as set out in the relevant valuation report carried out for the Seller and/or the Initial Lender of Record, without limiting the foregoing, in the case of a leasehold property:
 - (i) the lease cannot be forfeited or irritated on the bankruptcy of the tenant;
 - (ii) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given; and
 - (iii) a copy of the consent or notice has been or will be placed with the Title Information Documents.
- (c) Each Mortgage Loan, its related Mortgage and the Related Security sold by the Seller under the Mortgage Sale Agreement are free and clear of all mortgages, standard securities, securities, charges, liens, encumbrances, diligences, claims and equities but subject:
 - (i) to the terms of the Mortgage Sale Agreement and the Deed of Charge and each Scottish Supplemental Charge; and
 - (ii) in the case of the Mortgages registration or recording of which is pending at the Land Registry or the Registers of Scotland, to the completion of such registration or recording.

Properties

- (a) Each Mortgage Loan is secured via a Mortgage on a freehold or leasehold residential property in England or Wales or a heritable or long lease property in Scotland.
- (b) In the case of a Mortgage Loan secured on a leasehold property, the related leasehold interest expires not less than 50 years after the maturity of the relevant Mortgage Loan.
- (c) In relation to any Mortgage Loan:
 - (i) no Property has been let or sub-let otherwise than by way of: (a) (in England and Wales) an assured shorthold tenancy or (b) (in Scotland) a short assured tenancy or private residential tenancy or (c) any other tenancy which would be acceptable to a Prudent Mortgage Lender; and
 - (ii) to the extent there was a tenancy agreement in place at the time of origination, such tenancy agreement was on terms that would be acceptable to a Prudent Mortgage Lender and the Seller is not aware of any material breach of such agreement.

Valuers' and Solicitors' Reports

- (a) Prior to the making of each Mortgage Loan, the Seller and/or Landbay (in respect of the Landbay Mortgage Loan):
 - (i) instructed solicitors or a licensed or (in Scotland) qualified conveyancer to carry out an investigation of title to the relevant Property and to undertake all investigations, searches and other action and enquiries on behalf of the Seller and/or Landbay (in respect of the Landbay Mortgage Loan) in accordance with the instructions which the Seller issued to the relevant solicitor or licensed or qualified conveyancer as are set out in the Council of Mortgage Lenders' Handbook (the "**CML's Lenders' Handbook**") for England and Wales or Scotland or other

comparable or successor instructions and/or guidelines as may for the time being be in place, subject only to those variations made on a case-by-case basis as would be acceptable to a Prudent Mortgage Lender at the relevant time;

- (ii) received a certificate of title and/or report on title from the solicitor or licensed or qualified conveyancer referred to in paragraph (i) above relating to such Property, the contents of which were such as would have been acceptable to a Prudent Mortgage Lender at that time; and
- (iii) where a Mortgage Loan made in relation to a Property is secured by a Mortgage which was made without there being a contemporaneous purchase of such Property by the Borrower, the Seller (in the case of the FHL Mortgage Loans and the Paratus Mortgage Loans) or under the lending platform established by Landbay, with Landbay as Initial Lender of Record (in the case of the Landbay Mortgage Loan) carried out such written searches and investigations of title to the Property which a Prudent Mortgage Lender would carry out in relation to the remortgaging of a property, which searches and investigations either initially or on a further investigation disclosed nothing which would cause the Prudent Mortgage Lender to decline to proceed with the initial advance on the proposed terms,

provided that the requirement in paragraph (i) above insofar as it relates to the CML's Lenders' Handbook shall only apply in respect of Landbay (in respect of the Landbay Mortgage Loan) starting from 1 April 2016.

- (b) Neither the Seller nor the Initial Lender of Record has agreed to waive any of its rights against any valuer, solicitor, licensed or qualified conveyancer or other professional who has provided information, carried out work or given advice in connection with any Mortgage Loan or Related Security.
- (c) Not more than 12 months (or a longer period as may be acceptable to a Prudent Mortgage Lender) prior to making an advance to the Borrower, the Property was valued by an independent qualified valuer approved by the Seller and/or the Initial Lender of Record and being a fellow or associate of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers which confirmed that the valuation may be relied upon by the Seller (in the case of the FHL Mortgage Loans and Paratus Mortgage Loans) or Landbay (in the case of the Landbay Mortgage Loan) and the details of which are disclosed in the relevant Mortgage Loan Files, and such valuation would have been acceptable to a Prudent Mortgage Lender at the date on which such valuation was performed.
- (d) Prior to making a Mortgage Loan to a Borrower, the Seller (in the case of the FHL Mortgage Loans and Paratus Mortgage Loans) and/or Landbay (in the case of the Landbay Mortgage Loan) instructed solicitors to undertake to ensure each relevant guarantor (where a Mortgage Loan is the subject of a guarantee) executed a deed of guarantee in respect of the repayment by the relevant Borrower of the amounts due under the Mortgage Loan and its related Mortgage in favour of a mortgagee or heritable creditor from time to time.

The Seller's Title

- (a) Subject to completion of any registration or recording which may be pending at the Land Registry or the Registers of Scotland, all title deeds (save for title deeds held at the Land Registry or the Registers of Scotland and title deeds existing in dematerialised forms) and Mortgage Loan Files are held by, or to the order of, the Seller or the Seller's solicitors or licensed or qualified conveyancers.
- (b) All steps necessary with a view to perfecting the Seller's title were duly taken at the appropriate time or are in the process of being taken within any applicable priority periods or time limits for registration or recording without undue delay on the part of the Seller or on the part of those within its control.
- (c) No mortgagee or heritable creditor in respect of a Mortgage Loan has received written notice of any claim calling into question in any material way its title to any Mortgage.

Insurance

- (a) Each Contingency Insurance Policy is in full force and effect, all premiums have been paid and, as far as Paratus is aware, there are no circumstances giving the insurer under any such Contingency Insurance Policy the right to avoid or terminate such policy insofar as it relates to the Properties.

General

- (a) The Seller is not aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) of any fraud in relation to any Mortgage Loan which could reasonably be expected to result in the value of the Mortgage Loan or its Related Security being reduced.
- (b) The Seller is not aware (having made all such reasonable enquiries as a Prudent Mortgage Lender would be expected to make in order to be satisfied as to the same and having due regard to the results of such enquiries) of any pending action or proceeding by a Borrower, other than complaints in relation to the Mortgage Loans or Mortgages (including complaints which have been made to the Financial Ombudsman Service) which have been notified by the Seller to the Issuer prior to the Closing Date and which do not have a material adverse effect on the value of the Mortgage Loan or the related Property, as made against the Seller (in the case of the FHL Mortgage Loans and the Paratus Mortgage Loans) or Landbay (in the case of the Landbay Mortgage Loan) in respect of the Mortgage Loans and their Mortgages.
- (c) Save in respect of Product Switches or Permitted Variation, the Seller has not knowingly waived or acquiesced in any breach of any of its rights in relation to a Mortgage Loan or a Mortgage other than those undertaken as part of being a Prudent Mortgage Lender.
- (d) At the time of origination, the Seller and/or the Initial Lender of Record, in connection with each Mortgage Loan:
 - (i) carried out the identification and other procedures required under the Money Laundering Regulations 2003 or the Money Laundering Regulations 2007 (as applicable), the Guidance for the UK financial sector issued by the Joint Money Laundering Steering Group and the Senior Management Arrangements, Systems and Controls (SYSC) Manual of the FCA Handbook (in relation to any Mortgage Loan where an offer was made on or after 31 October 2004) and the Money Laundering sourcebook of the FCA Handbook (each as applicable); and
 - (ii) complied with the requirements of the Terrorism Act 2000 and Proceeds of Crime Act 2002 to the extent (if any) that the same are applicable.
- (e) So far as the Seller is aware, at origination, (i) no Borrower was a person with whom transactions are currently prohibited under any Sanctions and (ii) no Borrower was located in a country or territory which was the subject of any Sanctions at that time.
- (f) Neither the Seller, nor any of its directors, officers or employees nor, to the best of the Seller's knowledge, any of its affiliates has/have engaged in any activity or conduct that has resulted or will result in a violation of:
 - (i) any Anti-Corruption Laws or Anti-Money Laundering Laws; or
 - (ii) any applicable laws relating to economic or trade sanctions, including the Sanctions.
- (g) In the case of Corporate Mortgage Loans, each Borrower is a body corporate.
- (h) No Mortgage Loan is loan capital which:
 - (i) carries a right of conversion into shares or other securities, or to the acquisition of shares or other securities, including loan capital of the same description; or
 - (ii) carries or has carried:

- (A) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital;
 - (B) a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property; or
 - (C) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed on the Official List of the Stock Exchange (and for these purposes, the "**Official List of the Stock Exchange**" means the Official List of the Financial Conduct Authority).
- (i) Neither the Seller nor (in the case of the Landbay Mortgage Loan) Landbay has not elected to comply with any Mortgage Credit Directive implementing provisions in the period between 21 September 2015 and 20 March 2016.

In this Prospectus:

"**Anti-Corruption Laws**" means all applicable laws, judgments, orders, executive orders, decrees, ordinances, rules, regulations, statutes, case law or treaties from time to time, as amended, of the US, France and the United Kingdom concerning or relating to corruption or bribery, including but not limited to the Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010 of the United Kingdom, Loi Sapin II on transparency, fight against corruption and modernisation of the economic life (Sapin II) in France and any applicable law or regulation in the US or the United Kingdom or France implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

"**Anti-Money Laundering Laws**" means the applicable laws and regulations of the United States and the United Kingdom relating to anti-money laundering including, without limitation, the U.S. Bank Secrecy Act, the U.S. Money Laundering Control Act of 1986, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the UK Money Laundering Regulations 2007, UK Money Laundering Regulations 2017 and the UK Proceeds of Crime Act 2002.

"**Buy-to-Let Mortgage Loan**" means a non-owner occupied residential loan intended to be taken out by a borrower in relation to the purchase or re-mortgage of a property for letting purposes.

"**Contingency Insurance Policies**" means all contingency insurance policies of the Seller.

"**Corporate Mortgage Loan**" means each Mortgage Loan in respect of which the Borrower is a corporate entity.

"**Discounted Tracker Mortgage Loan**" means the Mortgage Loans Mortgage Loans which allows the relevant Borrowers to pay interest at a reduced margin over the BBR for a fixed period.

"**Further Advance**" means, in relation to a Mortgage Loan and its related Mortgage, any advance of further sums to the relevant Borrower on the security of the relevant Mortgage after the Cut-Off Date.

"**HMO Mortgage Loans**" means each Mortgage Loan which has been granted to fund the purchase or re-mortgage of a Property which is, at the time of completion, a house in multiple occupation.

"**ICR**" means, in respect of a Mortgage Loan, the ratio of:

- (a) the yearly gross income rent received on the underlying Property; to
- (b) the yearly interest amount paid by the Borrower calculated using the greater of: (i) the interest rate at the time of origination and (ii) the Stressed Interest Rate.

"**Lending Criteria**" means the lending criteria applicable to each Mortgage Loan and its Related Security.

"**Monthly Payment**" means the amount which the relevant Mortgage Conditions require a Borrower to pay on each Monthly Payment Date in respect of that Borrower's Mortgage Loan.

"**Monthly Payment Date**" means the date in each month on which interest (and principal (where applicable)) is due to be paid by a Borrower on a Mortgage Loan under the applicable Mortgage Conditions.

"**MUP Mortgage Loans**" means each Mortgage Loan which has been granted to fund the purchase of a Property which is a multi-unit property.

"**Original Loan to Value**" means, at the time of origination, in relation to a Mortgage Loan, the result (expressed as a percentage) of dividing the Principal Outstanding Balance of such Mortgage Loan by the value of the relevant Property specified in the relevant Valuation Report.

"**Principal Outstanding Balance**" means in relation to any Mortgage Loan and on any day, the principal amount of such Mortgage Loan calculated in accordance with the Mortgage Conditions, being the aggregate of:

- (a) the original principal amount advanced to any relevant Borrower pursuant to the related Mortgage Conditions; *minus*
- (b) any repayments of the amounts specified in paragraph (a) above.

"**Sanctions**" means economic, financial or trade sanctions or restrictive measures enacted, imposed, administered or enforced from time to time by (i) the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, or (ii) HM Treasury (or any other person which takes over the administration of this list) under the Consolidated List of Financial Sanctions Targets in the UK displayed on <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets> (or any replacement webpage which displays that list), or (iii) the United Nations Security Council, the European Union, or other relevant sanctions authority, or (iv) French Ministry of Foreign Affairs, the French Ministry of the Economy, or other relevant sanctions authority in France.

"**Stressed Interest Rate**" means:

- (a) in respect of a Tracker Mortgage Loan, 5.50 per cent. if applied for after 14 January 2017;
- (b) in respect of a Fixed Rate Mortgage Loan, with a fixed term of less than five years, 5.50 per cent. if applied for on or after 14 January 2017; and
- (c) in respect of a Fixed Rate Mortgage Loan, with a fixed term of five years, the fixed rate of interest for such Fixed Rate Mortgage Loan if applied for on or after 19 May 2015.

"**Title Information Documents**" means the title deeds and any related planning documents or other local authority documents relating to the Property.

"**Tracker Mortgage Loan**" means the Mortgage Loans which bear a floating rate of interest equal to BBR (as defined in the Mortgage Conditions) plus a margin.

Product Switches

A Mortgage Loan will be subject to a "**Product Switch**" if there is any variation of the financial terms and conditions of the Mortgage Loan other than:

- (a) any variation or amendment to a document relating to a Mortgage or the Mortgage Conditions agreed with a Borrower to control or manage arrears on the Mortgage Loan (including, for the avoidance of doubt, any future arrears);
- (b) any variation in the maturity date of a Mortgage Loan, provided that the Mortgage Loan is not extended beyond 15 May 2054;
- (c) any variation or amendment to a document relating to a Mortgage or the Mortgage Conditions imposed or required by statute or by regulation, regulatory guidance or any variation in the frequency with which the interest payable in respect of the Mortgage Loan is charged;
- (d) any variation to the interest rate as a result of the Borrowers switching to a different rate other than where the Borrower is switching to another mortgage loan product;

- (e) any change to a Borrower under the Mortgage Loan or the addition of a new Borrower under a Mortgage Loan; or
- (f) any change in the repayment method of the Mortgage Loan (including from an Interest Only Mortgage Loan to a Repayment Mortgage Loan or a Part and Part Mortgage Loan or a Part and Part Mortgage Loan to a Repayment Mortgage Loan),

each a "**Permitted Variation**".

Any Permitted Variation may be made to the Mortgage Loans without the requirement for the Servicer or the Seller to obtain any further consent or comply with any further condition.

If a Borrower requests, or the Seller or the Servicer (on behalf of the Seller) offers, a Product Switch under a Mortgage Loan, the Seller or the Servicer (on behalf of the Seller) will be solely responsible for offering and documenting that Product Switch. Any Mortgage Loan which has been subject to a Product Switch will remain in the Mortgage Portfolio after the date that the Product Switch is made (the "**Switch Date**"). A notice shall be given by the Servicer to the Issuer and the Seller in respect of such Product Switch promptly, but in any event no later than the date falling five Business Days] following the Testing Date, if it is determined that any of the Product Switch Conditions is not satisfied as at the Testing Date (a "**Notice of Non-Satisfaction of Product Switch Conditions**")

The "**Product Switch Conditions**") are:

- (a) the Switch Date falls before the Optional Redemption Date;
- (b) no Event of Default has occurred and is continuing;
- (c) no Insolvency Event with respect to the Seller has occurred;
- (d) the Seller has provided to the Issuer and the Security Trustee a valid solvency certificate signed by an authorised signatory of the Seller not more than three months prior to the relevant Switch Date;
- (e) the Product Switch which will be effected by such means as would be adopted by the Seller, for the purpose of ensuring the validity and priority of the Mortgage Loan, were such switch in respect of a loan advanced by the Seller which is not part of the Mortgage Portfolio;
- (f) the Product Switch will be similar to switches offered to the Seller's mortgage borrowers whose mortgage loans do not form part of the Mortgage Portfolio;
- (g) the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio, in respect of which the aggregate amount in arrears is more than three times the Monthly Payment then due, is less than 3% of the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio;
- (h) each Mortgage Loan and its Related Security which is the subject of a Product Switch complies with the Mortgage Loan Warranties provided in the Mortgage Sale Agreement required to be given on the Switch Date relating to such Mortgage Loan;
- (i) each of the Principal Deficiency Sub-Ledgers (other than the Junior Principal Deficiency Sub-Ledger) does not have a debit balance as at the most recent Interest Payment Date after applying all Available Revenue Receipts on that Interest Payment Date;
- (j) the aggregate Current Balance of any Mortgage Loans in the Mortgage Portfolio which have been subject to a Product Switch does not exceed 15% of the aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio as of the Closing Date;
- (k) each Mortgage Loan which is the subject of a Product Switch and as a result is subject to a fixed interest rate will be included in the calculation of the notional amount for the relevant Swap Transaction (or a new Permitted Swap Agreement to be entered into on or prior to the relevant Switch Date) in respect of the calculation period for the relevant Swap Transaction (or a new interest rate swap transaction to be entered into on or prior to the relevant Switch Date) which begins in the calendar month immediately following the calendar month in which such Product Switch is made;

- (l) immediately following the applicable Testing Date, the post swap yield over Compounded Daily SONIA of any Product Switch which is a Fixed Rate Mortgage Loan is not less than 2 per cent. (per annum);
- (m) the Principal Outstanding Balance of each Mortgage Loan which is the subject of a Product Switch will not increase as a result of a Product Switch, save for any product switch fees capitalised;
- (n) as far as the Servicer is aware, the then current ratings of the Collateralised Rated Notes then outstanding will not be downgraded or withdrawn as a result of any Permitted Variation made to the Mortgage Loans;
- (o) the amounts standing to the credit of the General Reserve Fund is not below the General Reserve Fund Required Amount;
- (p) the Mortgage Loan which is the subject of a Product Switch is not in arrears and has not been more than one month in arrear at any time in the previous twelve months.

A solvency certificate shall be valid for three months following the date on which it is issued.

If a Notice of Non-Satisfaction of Product Switch Conditions is served in respect of the Mortgage Loan subject to such Product Switch, then the Seller will have an obligation to remedy such breach within the Grace Period after receiving such Notice of Non-Satisfaction of Product Switch Conditions. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the Grace Period, the Issuer will serve a repurchase notice on the Seller as are described in the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties and Product Switch Conditions*".

The Seller may, despite the Servicer (on behalf of the Seller) not having given a Notice of Non-Satisfaction of Product Switch Conditions to the Issuer, as alternatives to selling the Mortgage Loan which is the subject of a Product Switch remaining in the Mortgage Portfolio, elect to repurchase the relevant Mortgage Loan and its Related Security from the Issuer on or prior to the last day of the Monthly Collection Period immediately following the Monthly Collection Period in which the Switch Date falls for a consideration equal to its Current Balance. Any such election must be made prior to the Testing Date following the relevant Switch Date. The Seller must pay to the Issuer the consideration for the relevant Mortgage Loan and its Related Security which is the subject of a Product Switch on the last day of the calendar month following the calendar month in which such Product Switch is made.

In this Prospectus:

"Permitted Swap Agreement" means any interest rate hedging agreement being entered into by the Issuer with a Permitted Swap Counterparty.

"Permitted Swap Counterparty" means any bank or financial institution that on the date on which it makes such swap arrangement available to the Issuer, such bank or financial institution has a rating for its long-term or short-term debt obligations sufficient to maintain the then ratings of the Collateralised Rated Notes (unless such arrangements are guaranteed by a guarantor of appropriate credit rating or other arrangements are entered into at the time which are sufficient to maintain the then current ratings of the Notes) and **provided further that** such bank or financial institution has agreed to be bound by the terms of the Deed of Charge.

"Testing Date" means, in respect of a Product Switch, the last day of the calendar month in which such Product Switch has been made.

Transfer of legal title to the Issuer

In relation to Mortgage Loans and their associated Mortgages and other Related Security over (i) registered land in England and Wales or (ii) any land in Scotland, the beneficial title in respect of which will be transferred to the Issuer on the Closing Date, until such time as transfers of such Mortgages have been completed and registered or recorded at the Land Registry or the Registers of Scotland, the sale to the Issuer will take effect either, in the case of the English Mortgages, in equity only and will transfer beneficial title only, or in the case of the Scottish Mortgages, the Issuer will hold the beneficial interests therein under the Scottish Declaration of Trust. In the case of Mortgage Loans and their associated Mortgages and other Related Security over unregistered land in England and Wales, in order for legal title to pass to the Issuer, conveyances of the relevant mortgages would have to be completed in favour of the Issuer. As a result, the legal title to the Mortgage Loans and their Related Security will remain with the Seller until such time as certain additional steps have been taken, including (i) in relation to

English Mortgage Loans and their Related Security the giving of notices of the assignment to the Borrowers or (ii) in relation to Scottish Mortgage Loans and their Related Security the execution and registration or recording (as applicable) of an assignation by the Seller in favour of the Issuer together with notification of the assignation to the Borrowers.

Under the Mortgage Sale Agreement, none of the Seller nor the Issuer will require the execution and completion of such transfers, assignations and conveyances in favour of the Issuer or the registration or recording of such transfers or service of notice on Borrowers in order to effect the transfer of legal title to the Mortgage Loans and their Related Security (including, where appropriate, their registration or recording), except in the limited circumstances described below.

Transfer upon Perfection Event

The Seller shall be obliged to give notice of assignment of the Mortgage Loans to the Borrowers following the occurrence of a Perfection Event (as described below). The execution of transfers or assignations of legal title to the Mortgage Loans and their Related Security to the Issuer (or a nominee of the Issuer) (together with the relevant notices to the Borrowers) will be required to be completed by the Seller within 25 Business Days of receipt of written notice from the Issuer or the Security Trustee upon the occurrence of any of the following (each a "**Perfection Event**"):

- (a) the delivery of an Enforcement Notice by the Note Trustee; or
- (b) the occurrence of a Servicer Termination Event; or
- (c) the Seller being required to perfect transfer of legal title to the Mortgage Loans:
 - (i) by an order of a court of competent jurisdiction;
 - (ii) by a regulatory authority which has jurisdiction over the Seller; or
 - (iii) by any organisation of which the Seller is a member or whose members comprise, but are not necessarily limited to, mortgage lenders and with the instructions with which it is customary for the Seller to comply; or
- (d) it becoming necessary as a result of a change in law occurring after the Closing Date to perfect the transfer by way of assignment or, in the case of Scottish Mortgage Loans, assignation of the legal title to such Mortgage Loans; or
- (e) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Mortgage Loan in the Mortgage Portfolio; or
- (f) the Security Trustee notifying the Issuer in writing that the security under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in jeopardy; or
- (g) the occurrence of an Insolvency Event relating to the Seller.

The Issuer shall, following the occurrence of a Perfection Event, register or record any transfer or assignation of the legal title to a Mortgage at the Land Registry or the Registers of Scotland as soon as possible following receipt (or execution by the Issuer) of such transfer and shall respond expeditiously to all requisitions raised by the Land Registry or the Registers of Scotland.

SERVICING OF THE MORTGAGE PORTFOLIO

Mortgage Loan Servicing

The Servicer and the Services

The Servicer will be appointed by the Issuer and the Seller under the terms of the Servicing Agreement as their agent to service the Mortgage Loans. For further information see the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*".

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Mortgage Portfolio

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Seller, the Issuer and the Security Trustee (the "**Mortgage Sale Agreement**"), the Seller shall on the Closing Date (in consideration for payment of the Initial Purchase Price and the issuance of the Residual Certificates to, or at the direction of, the Seller as further consideration for the sale of a Mortgage Portfolio):

- (a) sell, assign or otherwise transfer to the Issuer a Mortgage Portfolio of Mortgage Loans and their Related Security; and
- (b) hold on trust under the Scottish Declaration of Trust for the benefit of the Issuer a Mortgage Portfolio of Scottish Mortgage Loans and their Related Security sold, assigned or transferred by the Seller to the Issuer.

The Mortgage Loans and their Related Security comprising the Mortgage Portfolio (in relation to English Mortgage Loans) will be assigned by way of equitable assignment to the Issuer and (in relation to Scottish Mortgage Loans) held on trust by the Seller for the benefit of the Issuer by the grant of the Scottish Declaration of Trust, in each case referred to as the "sale" by the Seller to the Issuer of the Mortgage Loans and Related Security.

The consideration due to the Seller in respect of the sale of the Mortgage Loans and Related Security comprising the Mortgage Portfolio shall be:

- (a) the Initial Purchase Price in an amount equal to £457,368,049.79, such Initial Purchase Price being due and payable on the Closing Date;
- (b) the right (but not the obligation) of the majority holder of the RC1 Residual Certificates to purchase the Mortgage Portfolio from the Issuer following the Optional Redemption Date; and
- (c) the right to receive RC2 Payments on each Interest Payment Date after the Closing Date until the earlier of: (i) the Final Maturity Date; and (ii) cancellation of the Residual Certificates, such right to such RC2 Payments being represented by the RC2 Residual Certificates to be delivered to, or at the direction of, the Seller on the Closing Date.

The Initial Purchase Price shall also be reduced by the payment by the Seller to the Issuer of an amount equal to the Closing Reconciliation Amounts.

Any RC2 Payment payable to the RC2 Certificateholders will be paid in accordance with the priority of payments set out in the sections headed "*Cashflows and Cash Management – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Cashflows and Cash Management – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows and Cash Management – Distributions following the service of an Enforcement Notice on the Issuer*".

Title to the Mortgages, Registration and Notifications

The completion of the transfer, or, in the case of the Scottish Mortgage Loans and their Related Security, assignation, of the Mortgage Loans and their Related Security (and, where appropriate, their registration or recording) to the Issuer is deferred and legal title to the Mortgage Loans and their Related Security shall remain with the Seller until the occurrence of a Perfection Event. Notice of the sale of the Mortgage Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

On the occurrence of a Perfection Event: (i) prior to the service of an Enforcement Notice, the Issuer; or (ii) following the service of an Enforcement Notice, the Security Trustee, may by notice in writing (a "**Perfection Notice**") to the Seller (with a copy to the Security Trustee or to the Issuer, as the case may be) require the Seller to complete the assignment or assignation to the Issuer of legal title to the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio within 25 Business Days of the delivery of the Perfection Notice.

The following events constitute Perfection Events upon which: (i) prior to the service of an Enforcement Notice, the Issuer; or (ii) following the service of an Enforcement Notice, the Security Trustee shall perfect legal title to the Mortgage Loans and their Related Security:

- (a) the delivery of an Enforcement Notice by the Note Trustee; or
- (b) the occurrence of a Servicer Termination Event; or
- (c) the Seller being required to perfect transfer of legal title to the Mortgage Loans:
 - (i) by an order of a court of competent jurisdiction;
 - (ii) by a regulatory authority which has jurisdiction over the Seller; or
 - (iii) by any organisation of which the Seller is a member or whose members comprise, but are not necessarily limited to, mortgage lenders and with the instructions of which it is customary for the Seller to comply; or
- (d) it becoming necessary as a result of a change in law occurring after the Closing Date to perfect the transfer by way of assignment or, in the case of Scottish Mortgage Loans, assignment of legal title to such Mortgage Loans; or
- (e) it becoming unlawful in any applicable jurisdiction for the Seller to hold legal title in respect of any Mortgage Loan in the Mortgage Portfolio; or
- (f) the Security Trustee notifying the Issuer in writing that the security under the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in jeopardy; or
- (g) the occurrence of an Insolvency Event relating to the Seller.

In this Prospectus, an "**Insolvency Event**" will occur in respect of an entity in the following circumstances:

- (a) an order is made or an effective resolution passed for the winding-up of the relevant entity (or it makes any composition or arrangement with its creditors); or
- (b) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; or
- (c) an encumbrancer takes possession, or a Receiver is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole, or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (d) the relevant entity is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral) or suspends making payments of any of its debts; or
- (e) if proceedings are initiated against the relevant entity under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the relevant entity or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of relevant entity, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the relevant entity, is not discharged within 30 days; or
- (f) any analogous procedure or step is taken in any jurisdiction.

Following a Perfection Event, notice of the legal assignments and assignments will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments and assignments at the Land Registry or (as applicable) the Registers of Scotland.

Save for Title Deeds held at the Land Registry, all the Title Deeds and the mortgage files and computer tapes relating to each of the Mortgage Loans and their Related Security are held by the Servicer (on behalf of the Seller) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors, and such Title Deeds are held on the basis that they (other than the dematerialised copies of the Title Deeds) shall be returned to the Servicer or its solicitors or agents.

Neither the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

Representations and Warranties and Product Switch Conditions

The Mortgage Loan Warranties will be given by the Seller in respect of the Mortgage Loans and their Related Security sold by the Seller to the Issuer on that day (save for any Mortgage Loan Warranties expressed to be made by reference to a different day, such as the Cut-Off Date) (i) on the Closing Date and (ii) in respect of any Mortgage Loan which has been subject to a Product Switch, on the Switch Date for such Mortgage Loan.

On the Closing Date, it is agreed that any Mortgage Loan which has been subject to a Product Switch will remain in the Mortgage Portfolio after the Switch Date, provided that such Mortgage Loan satisfies the Product Switch Conditions on the Testing Date.

The Seller will agree in the Mortgage Sale Agreement to repurchase any Mortgage Loan (or in the case of the non-existence of a Mortgage Loan indemnify the Issuer in relation to a Mortgage Loan) together with its Related Security if:

- (i) a Mortgage Loan or its Related Security does not comply with the Mortgage Loan Warranties given by the Seller (i) on the Closing Date or (ii) in respect of any Mortgage Loan which has been subject to a Product Switch, on the Switch Date for such Mortgage Loan, and such breach is not remedied within the Grace Period;
- (ii) it is determined that a Mortgage Loan subject to a Product Switch is not in compliance with the Product Switch Conditions on the Testing Date and where such breach is either not capable of remedy or has not been remedied by the Seller within the Grace Period (which starts from the date a Notice of Non-Satisfaction of Product Switch Conditions was served to the Issuer and the Seller in respect of such Mortgage Loan),

then the Issuer (before the service of an Enforcement Notice) or Security Trustee (following the service of an Enforcement Notice) or the Servicer on their behalf shall serve upon the Seller (with a copy to the Security Trustee) a mortgage loan repurchase notice.

The delivery of such notice shall oblige the Seller to repurchase the relevant Mortgage Loan or Mortgage Loans from the Issuer (or indemnify the Issuer in the case of non-existence of a Mortgage Loan).

The Seller will have no liability for breach of any Mortgage Loan Warranty or Product Switch Conditions (with respect to the Product Switches) other than the obligation to repurchase or indemnify as set out above.

In the Servicing Agreement, the Servicer has agreed to notify the Issuer and the Security Trustee of any breach of a Mortgage Loan Warranty or Product Switch Conditions as soon as it becomes aware of such breach.

The Seller will also agree in the Mortgage Sale Agreement that, if a term relating to the recovery of interest (other than a term upon which the Servicer has confirmed on or before the Closing Date) that it no longer relies on the Standard Documentation applicable to any Mortgage Loan sold by it to the Issuer, is at any time on or after the Closing Date, found by a competent court or other competent authority or any ombudsman or regulator to be an unfair term (for the purposes of the UTCCR or the CRA), it shall repurchase or procure the repurchase of the relevant Mortgage Loan concerned and its Related Security.

The price payable by the Seller upon the repurchase of any Mortgage Loan and its Related Security (the "**Repurchase Price**") will be the Current Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase, plus an amount equal to the Issuer's reasonable costs or any other reasonable expenditure in relation to such repurchase (if any).

UK Securitisation Regulation

Under the Mortgage Sale Agreement, the Seller (as originator for the purposes of the UK Securitisation Regulation) covenants that it shall at all times comply with the UK Securitisation Regulation in respect of the provisions applicable to it.

As used in this Prospectus:

"Accrued Interest" means, in relation to a Mortgage Loan, as at any given date, the aggregate amount of interest accrued or charged from and including the immediately preceding Monthly Payment Date for such Mortgage Loan but not yet paid (or, if later, the date of completion of such Mortgage Loan) to, but excluding, that given date.

"Ancillary Rights" means, in relation to any right, all ancillary rights, accretions and supplements to such right, including any guarantees or indemnities in respect of such right.

"Arrears Balance" means, in relation to a Mortgage Loan, as at any given date, the aggregate amount of all the sums which are due and payable but have not been paid by the relevant Borrower in accordance with the terms of that Mortgage Loan as at that given date including any:

- (a) Arrears of Interest; and
- (b) arrears of any repayment of principal.

"Arrears of Interest" means, in relation to a Mortgage Loan, as at any given date, interest which has become and remains due and payable.

"Borrower" means, in relation to a Mortgage Loan, each person or persons who is or are named and defined as such in the relevant Mortgage Loan, Mortgage or Mortgage Conditions and to whom such Mortgage Loan is advanced, together with any person or persons from time to time assuming the obligations of the Borrower to repay such Mortgage Loan or any part of it.

"Calculation Date" means the day falling four Business Days prior to each Interest Payment Date.

"Collection Period" means each quarterly period commencing from (but excluding) each Collection Period End Date and ending on (and including) the immediately succeeding Collection Period End Date, with the first Collection Period commencing on (and including) the Cut-Off Date.

"Collection Period End Date" means the last calendar day of January, April, July and October, with the first Collection Period End Date ending on (and including) 30 April 2024.

"Current Balance" means, in relation to any Mortgage Loan as at any date, the aggregate of:

- (a) the initial amount advanced under such Mortgage Loan, together with any other amounts subsequently advanced thereunder or otherwise capitalised thereon, less any such amounts previously repaid;
- (b) Arrears of Interest;
- (c) Accrued Interest, and
- (d) any fees, costs and expenses owing or payable by the Borrower,

provided that, should a Borrower have exercised a right of set-off or in the case of the non-existence of a Mortgage Loan, the Current Balance shall be deemed to be the balance that it would have been prior to the exercise of such right of set-off, or had such Mortgage Loan have existed, as the case may be.

"Cut-Off Date" means 31 August 2023.

"Deed of Consent" means a deed whereby the signatory agreed to postpone his interest (if any) in the relevant Property that was created by a Mortgage by declaring that he will not assert any right to an overriding interest by occupation adverse to the mortgagee's rights under the relevant Mortgage.

"Early Repayment Charge" means amounts payable by a Borrower in respect of a Mortgage Loan as additional payments in respect of the early repayment of all or part of that Mortgage Loan (for the avoidance of doubt, excluding the principal amount repayable and any accrued interest payable in respect of such Mortgage Loan).

"Insurance Policies" means all buildings insurance policies relating to a Mortgage Loan and the related Property from time to time which has been taken out: (a) in the name of the relevant Borrower or (b) in the name of the landlord in the case of leasehold Properties where the relevant landlord is responsible for insuring the Property and assigned to the Seller or with the interest of the Seller (as mortgagee) endorsed or notes thereon, and **"Insurance Policy"** means any one of them.

"Loan" or **"Mortgage Loan"** means a buy-to-let mortgage loan (including the aggregate of the outstanding balance of any Mortgage Loan Advance, any Accrued Interest, Arrears Balance and any fees, costs and other amounts owing to the Seller from the Borrower (including all capitalised sums)) which is secured or intended to be secured by the related Mortgage comprised in the Mortgage Portfolio and which is sold by the Seller to the Issuer on the Closing Date.

"MH/CP Documentation" means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby.

"Monthly Collection Period" means each monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month, with the first Monthly Collection Period commencing on (and including) the Cut-Off Date.

"Mortgage" means a charge by way of legal mortgage or standard security securing a Mortgage Loan comprised in the Mortgage Portfolio and all principal sums, interest, costs and other amounts secured or intended to be secured by that legal mortgage or legal charge or standard security.

"Mortgage Conditions" means, in relation to each Mortgage Loan and the Mortgage relating thereto, the terms and conditions subject to which the Mortgage Loan and Mortgage are made including, for the avoidance of doubt, the terms and conditions incorporated into any letter or letters of offer or agreement to make such Mortgage Loan.

"Mortgage Loan Advance" means all of the monies advanced by the Seller or a predecessor in title to a Borrower.

"Mortgage Loan Agreement" means, in relation to a Mortgage Loan, the loan agreement entered into between a Borrower and the Originator or the Initial Lender of Record (as applicable).

"Mortgage Loan Files" means, in relation to a Mortgage Loan, the customer file (in paper and/or electronic form) maintained by the Issuer or by its agents on its behalf but excluding the Title Deeds.

"Mortgage Portfolio" means the Mortgage Loans and their Related Security sold by the Seller to the Issuer on the Closing Date and as listed, for the purposes of identification, in the Mortgage Sale Agreement but excluding any Mortgage Loan and its Related Security which is repurchased by the Seller pursuant to the Mortgage Sale Agreement and no longer beneficially owned by the Issuer.

"Property" means, in relation to a Mortgage Loan and its related Mortgage, the freehold or leasehold property situated in England or Wales or the heritable or long lease property situated in Scotland charged or intended to be charged as security for the repayment of such Mortgage Loan.

"Prudent Mortgage Lender" means a reasonably prudent mortgage lender of specialist mortgage loans of a type similar to the Mortgage Loans, lending to borrowers similar to the Borrowers in England and Wales and Scotland.

"Receiver" means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge.

"Regulated Mortgage Contract" has the meaning given to that term in article 61(3)(a) of the Regulated Activities Order.

"Related Security" means, in relation to a Mortgage Loan, the Mortgage relating thereto and all other collateral security for, and rights in respect of such Mortgage Loan including (but not limited to):

- (a) the benefit of all affidavits, declarations, consents, renunciations, waivers and any Deeds of Consent, MH/CP Documentation, deeds of postponement, ranking agreements and any rights against any person or persons in connection with the origination and completion of such Mortgage Loan and Related Security;
- (b) the benefit of (including notations of interest on) any life policies, life policy assignments or assigns, priority letters, pension policies, guarantees, deposited, charged, obtained or held in connection with the relevant Mortgage Loan and Related Security;
- (c) to the extent assignable (without the consent of the relevant counterparty), all causes and rights of action (whether assigned to the Issuer, the Seller or otherwise) against Valuers, Solicitors, any Land Registry or Registers of Scotland or any other person in connection with any report (including a report on title), Valuation Report, opinion, certificate, consent or other statement of fact or opinion given in connection with the relevant Mortgage Loan or Related Security; and
- (d) Insurance Policies, assignments, searches, indemnities and related documentation and any other deed or document providing ancillary security or indemnity for repayment of any sums due from time to time under the relevant Mortgage Loan, and any amounts received by the Seller prior to the Cut-Off Date and yet to be allocated toward amounts due under the relevant Mortgage Loan on the Servicer's systems.

"**Scottish Mortgage**" means a standard security over a Property located in Scotland.

"**Scottish Mortgage Loan**" means a Mortgage Loan secured by a Scottish Mortgage.

"**Servicing Standard**" means the same standard of care and diligence that would reasonably be expected from a Prudent Mortgage Lender.

"**Solicitors**" means a firm of solicitors (or a firm of licensed or qualified conveyancers) selected by the Originator or the Initial Lender of Record in accordance with the standard practices of the Originator or the Initial Lender of Record (as applicable), in the origination of a Mortgage Loan and its Related Security.

"**Standard Documentation**" means the standard documentation of each of the Originator and the Initial Lender of Record, being the documents which were used by the Originator and the Initial Lender of Record (as applicable) at the relevant time in connection with its activities as a residential mortgage lender, or any update or replacement therefor as permitted by the terms of the Mortgage Sale Agreement.

"**Title Deeds**" means, in relation to a Mortgage Loan, the agreement or agreements for such Mortgage Loan, the deed constituting the relevant Mortgage and any documents of title to the relevant Property and to the relevant Related Security.

"**Valuation Report**" means the valuation report substantially in the form of the *pro-forma* report contained in the relevant Standard Documentation and addressed to the Originator or the Initial Lender of Record (as applicable) from a Valuer in respect of each Property.

"**Valuer**" means (as applicable) an independent valuer (being a fellow or associate of the Royal Institution of Chartered Surveyors).

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law (save that aspects relating to Scottish Mortgage Loans and their Related Security will be construed in accordance with Scots law and any Scottish Declaration of Trust granted pursuant to the Mortgage Sale Agreement shall be governed by Scots law).

Servicing Agreement

Introduction

The Issuer, the Security Trustee, the Seller, the Back-Up Servicer Facilitator and the Servicer will enter into, on or around the Closing Date, an agreement pursuant to which the Servicer agrees to service the Mortgage Loans and their Related Security (the "**Servicing Agreement**"). The services to be provided by the Servicer are set out

in the Servicing Agreement and may include any services incidental thereto as may be agreed to in writing by the Issuer, the Seller, the Security Trustee and the Servicer (the "**Services**").

On or about the Closing Date, the Servicer will be appointed by the Issuer and the Seller (including in its capacity as a trustee of the trust declared and created by the Scottish Declaration of Trust (the "**Scottish Trust**")) to be its agent to service the Mortgage Loans and their Related Security. The Servicer must comply with any proper directions and instructions that the Issuer or, following the service of an Enforcement Notice, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer will service the Mortgage Loans and their Related Security in accordance with the terms of the Servicing Agreement (including the procedures of the Servicer set out therein) and its actions in doing so are binding on the Issuer and (where applicable) the Seller.

Appointment

The Servicer will be appointed to:

- (a) service, manage and administer the Mortgage Loans and the Related Security (including offering and implementing Product Switches) in accordance with the applicable provisions of the FSMA and all cash transactions in respect thereof;
- (b) collect payments of interest and/or interest and principal as agreed between the Borrower and the Seller in relation to the Mortgage Loans. Such payments are deposited into:
 - (i) in the case of payments by direct debit, the General Transaction Collection Account and (insofar as such payments form part of the Issuer's Share of the Portfolio Transaction Accounts Trust) held on trust by the Seller pursuant to the Portfolio Transaction Accounts Declaration of Trust for the Issuer as beneficiary; and
 - (ii) in the case of other payments, the Global Collection Account and held on trust by the Seller pursuant to the Deed of Accession to Global Collection Account Declaration of Trust, and are to be swept by the Servicer on a daily basis to the General Transaction Collection Account,

and the Servicer shall (to the extent that any such transfer is not automatically completed by the Collection Account Bank or the Global Collection Account Bank):

- (A) ensure that a transfer is made from the Funding Transaction Collection Account to the General Transaction Collection Account of all amounts of cleared funds received by the Collection Account Bank and credited to the Funding Transaction Collection Account on each Business Day, following close of business on each such Business Day;
- (B) ensure that a transfer is made from the General Transaction Collection Account to the Funding Transaction Collection Account of an amount in cleared funds credited to the General Transaction Collection Account on each Business Day as is required to return any overdrawn balance of the Funding Transaction Collection Account to zero (or, if less, all amounts of cleared funds credited to the Funding Transaction Collection Account on such day), following close of business on such Business Day;
- (C) ensure that the General Transaction Collection Account shall not be overdrawn (**provided that** the General Transaction Collection Account shall be permitted to be overdrawn if the same is cured as soon as reasonably practicable);
- (D) ensure that all cleared funds standing to the credit of the Global Collection Account and related to the Mortgage Portfolio (save for certain amounts received in relation to the Mortgage Loans and their Related Security which are required to be refunded or otherwise disbursed), less any fees, costs, charges, liabilities and expenses due under the provisions of the Collection Account Bank Agreement insofar as any such amounts are attributable to the Issuer's Share of the Global Collection Account Trusts, are transferred to the General Transaction Collection Account by the close of business on the following Business Day, **provided that** any transfer that is delayed for administrative reasons will be made as soon as reasonably practicable (and the Servicer shall

use reasonable endeavours to procure that any such delayed transfer is made within one Business Day);

- (E) ensure that certain payments of Third Party Amounts as are necessary from time to time in respect of the Mortgage Loans, are made out of the Funding Transaction Collection Account (save for: (i) where such payments are made in respect of amounts received under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited, in which case such payment may be made out of the General Transaction Collection Account; and (ii) where such Third Party Amounts have been or are to be paid out of the General Transaction Collection Account); and
- (F) ensure that all cleared funds standing to the credit of the General Transaction Collection Account that exceed the General Transaction Collection Account Minimum Balance on a Business Day are transferred to the Issuer Account by the close of business on the following Business Day, **provided that** this obligation applies only where the amount of such transfer from the General Transaction Collection Account would equal or exceed £5,000, and **provided further that** any transfer that is delayed for administrative reasons will be made as soon as reasonably practicable (and the Servicer shall use reasonable endeavours to procure that any such delayed transfer is made within one Business Day);
- (c) prepare reports regarding the status and performance of the Mortgage Loans in accordance with the Servicing Agreement;
- (d) assist the Issuer with complying with the Issuer's obligations under (i) Article 7 of the UK Securitisation Regulation and (ii) Article 7 of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer), and any secondary legislation or official guidance in relation thereto (including any relevant national measures);
- (e) perform the other management and administration functions and services imposed on the Servicer by the Servicing Agreement; and
- (f) perform any other functions imposed on the Servicer, in such capacity, by any other Transaction Documents to which it is a party, or do or cause to be done any and all things which it reasonably considers necessary, convenient or incidental to the administration of the Mortgage Loans (including the offering of Product Switches) or the exercise of such rights, powers and discretions.

"General Transaction Collection Account Minimum Balance" means £75,000.

Undertakings by the Servicer

The Servicer has undertaken, among other things, to:

- (a) ensure all Mortgage Loans and other Related Security are designated in the computer and other records of the Servicer as being legally and beneficially owned by the Issuer (with legal title being held on trust by the Seller);
- (b) devote such time and attention and exercise all such skill, care and diligence as necessary to ensure proper performance and discharge of the Servicer's obligations and undertakings contained in the Servicing Agreement;
- (c) to the extent practicable, comply with any proper directions, orders and instructions which the Issuer, the Seller or the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement and which in any event are not inconsistent with the terms upon which it has been appointed under the Servicing Agreement nor with any applicable regulatory requirements;
- (d) maintain in working order the information technology systems used by the Servicer in providing the Services, and to maintain and keep in effect all licences (including software licences), agreements, contracts and consents necessary for the use, upkeep and functioning of such information technology systems;

- (e) obtain and keep in force all licences, approvals, registrations, authorisations and consents which are or may be necessary for the lawful performance of the Services and the other obligations contained in the Servicing Agreement and in particular any applicable authorisations, permissions, approvals or consents under FSMA and the Data Protection Act 2018 and Regulation (EU) 2016/679 as it forms part of domestic law by virtue of the EUWA ("**UK GDPR**");
- (f) at all times, in relation to all matters relating to the Mortgage Loans in the Mortgage Portfolio and the Related Security, act in compliance with and observe all applicable laws and regulatory requirements in force, issued or in place from time to time (including, but not limited to, FSMA, the CCA, the Data Protection Act 2018, UK GDPR, the FCA's rules and guidance in the Consumer Credit Sourcebook of the FCA Handbook and the FCA's Treating Customers Fairly Outcomes) and the terms of the relevant Mortgage Conditions;
- (g) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in the currency in which such payment is due for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim;
- (h) (as soon as practicable after such event has come to its attention) give notice in writing to the Issuer, the Note Trustee and the Security Trustee of any Servicer Termination Event or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute a Servicer Termination Event;
- (i) not commit or omit to do any act in relation to the Mortgage Loans which would mean that the Issuer and/or the Seller are in breach of the terms and conditions of the Mortgage Loans;
- (j) procure the publication of the relevant Investor Reports via the UK Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.eu>): (i) in the case of the Monthly Investor Report by no later than 11am on the 16th Business Day of each calendar month (other than in any calendar month where the Quarterly Investor Report is required to be delivered) and (ii) in the case of Quarterly Investor Report, on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Quarterly Investor Report, no later than by 15 May 2024;
- (k) provide the relevant Data Tapes to the Cash Manager in accordance with the Servicing Agreement and the Cash Management Agreement, and procure that the publication of each Data Tape in accordance with (i) Article 7(2) of the UK Securitisation Regulation and (ii) Article 7(2) of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer) by means of the UK Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.eu>) on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Data Tape, no later than by 15 May 2024;
- (l) at least five Business Days prior to the Reconciliation Date, provide the Cash Manager with the information required for it to calculate the Closing Reconciliation Amounts; and
- (m) not, other than in relation to a Permitted Variation or Product Switch or other than as contemplated by or pursuant to the Servicer's client manual, the Servicing Agreement or the other Transaction Documents or the direction of the Issuer (or, following receipt of an Enforcement Notice, the Security Trustee):
 - (i) sell, transfer, convey, release or dispose of the legal title to the Mortgage Loans or Related Security, or create any mortgage, charge, debenture or any other form of security over the legal title to the Mortgage Loans or Related Security;
 - (ii) terminate, repudiate, rescind or discharge any Mortgage Conditions; or
 - (iii) permanently vary, amend, modify or waive any material provision of any document in relation to a Mortgage of any Mortgage Conditions.

Information and Reporting by the Servicer

Pursuant to the Servicing Agreement, the Servicer is responsible for keeping and maintaining records, on a mortgage loan by mortgage loan basis, for the purposes of identifying at any time any amount due by a Borrower, any amount received from or on behalf of a Borrower and the principal balance and (if different) the total balance for the time being and from time to time outstanding on a Borrower's account.

The Servicer shall prepare and deliver to, *inter alios*, the Cash Manager (and the Issuer shall procure that the Servicer supplies) a monthly servicer report (other than in a calendar month where a quarterly servicer report is required to be delivered) by no later than the 15th day of each calendar month and a quarterly servicer report by no later than the Business Day prior to each Calculation Date in each case detailing the principal and total balances of the Mortgage Loans and related reconciliations and other information which is required by the Cash Manager for such relevant period (the "**Servicer Reports**") for the purposes of the Cash Manager preparing the relevant Investor Reports. For further information see the section entitled "*Cash Management Agreement*" below.

Further, the Servicer shall prepare and deliver to the Cash Manager the relevant Data Tapes as well as procure the publication of the Data Tapes via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>) (or such other securitisation repositories as may be available for such purpose and notified by the Servicer to the Transaction Parties and the Rating Agencies from time to time). The Data Tapes shall be in the form of the disclosure templates adopted under the UK Article 7 Technical Standards and (ii) the EU Article 7 Technical Standards. For further information see the section entitled "*Cash Management Agreement*" below.

Fees and Expenses of the Servicer

The Servicer is entitled to charge a quarterly fee (payable on each Interest Payment Date) for its mortgage settlement and related administration services under the Servicing Agreement calculated on a monthly basis by reference to the aggregate Principal Outstanding Balance of the Mortgage Loans as at the first day of the relevant Monthly Collection Period (as calculated in the relevant Servicer Report) at a rate of 0.20 per cent. per annum and payable in arrear on the Interest Payment Date immediately following the Collection Period in which such Monthly Collection Period fell. The fee is inclusive of any VAT and payable on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

The reasonable costs and expenses for which the Servicer shall be entitled to reimbursement from the Issuer shall include, *inter alia*, the cost of complying with any regulatory obligations to which the Servicer becomes subject due to any change of law occurring after the Closing Date and which relate directly to the Servicer's obligations under the Servicing Agreement, including, without limitation the payment of fees to EuroABS in connection with the disclosure obligations relating to the Investor Reports. Where such cost also relates to other activities of the Servicer, the cost shall only be borne by the Issuer proportionately to the manner in which the cost on the Servicer is calculated.

The Servicer shall be reimbursed for all reasonable and properly incurred costs and expenses incurred by it in connection with the administration of the Mortgage Loans, including, but not limited to, insurance premia incurred in connection with certain contingency and other insurance policies.

Certain fees which may be payable by Borrowers in connection with their Mortgage Loans may be for the account of the Servicer where such fees relate to its own administrative function. Such fees (to the extent received) shall be payable to the Servicer on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

Determination of Interest Rates on the Mortgage Loans

The interest due on the Tracker Mortgage Loans and the Fixed Rate Mortgage Loans (following the expiry of the relevant fixed period) is set by reference to BBR, as relevant (as determined in accordance with the relevant Mortgage Conditions) plus the relevant margin. Subject to the terms of the Mortgage Sale Agreement, each of the Issuer and the Seller grants the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine BBR (as defined in the Mortgage Conditions) for the purposes of further determining the Floating Mortgage Rates in relation to the Tracker Mortgage Loans and the Fixed Rate Mortgage Loans (following the expiry of the relevant fixed period) sold by the Seller to the Issuer which have not at the relevant date of determination been repurchased by the Seller.

Operation of Global Collection Account and Portfolio Transaction Accounts

The Servicer will undertake to operate the Global Collection Account and Portfolio Transaction Accounts which are opened in the name of the Seller with the Global Collection Account Bank and the Collection Account Bank, in accordance with the terms of the Collection Account Bank Agreement, the Global Collection Account Declaration of Trust (and the Deed of Accession to Global Collection Account Declaration of Trust) and the Portfolio Transaction Accounts Declaration of Trust. For more information, see the section entitled "*Servicing Agreement*" above.

Replacement of Global Collection Account Bank

If the Global Collection Account Bank fails to maintain any of the Collection Account Bank Minimum Ratings, the Issuer (or the Servicer on its behalf) shall use its commercially reasonable endeavours, in accordance with the Collection Account Bank Agreement and the Servicing Agreement, to:

- (a) terminate or procure the termination of the appointment of the Global Collection Account Bank in accordance with the Servicing Agreement and the Collection Account Bank Agreement and procure that the funds standing to the credit of the Global Collection Account maintained with the Global Collection Account Bank are promptly transferred from such Global Collection Account and placed on deposit on terms the same or substantially the same (*mutatis mutandis*) as the Collection Account Bank Agreement with an institution:
 - (i) that maintains ratings at least equal to the Collection Account Bank Minimum Ratings;
 - (ii) that is a bank for the purposes of section 991 of the Income Tax Act 2007 and payments of interest are made in the ordinary course of its business within the meaning of section 878 of the Income Tax Act 2007; and
 - (iii) that is an institution authorised to carry on banking business including accepting deposits under the FSMA; or
- (b) obtain or procure the obtaining of a guarantee (in such form that would not result in any of the Rating Agencies downgrading the current ratings assigned to any Class or Classes of the Collateralised Rated Notes or withdrawing, qualifying or putting such current ratings assigned to any Class or Classes of the Collateralised Rated Notes on a negative outlook) of the Global Collection Account Bank's obligations under the Collection Account Bank Agreement from a bank with ratings at least equal to the Collection Account Bank Minimum Ratings,

in each case, within 60 calendar days (but no less than 35 calendar days) of the date on which the Global Collection Account Bank ceases to have the Collection Account Bank Minimum Ratings (or such longer period as the Security Trustee and the Rating Agencies may agree).

Replacement of Collection Account Bank

If the Collection Account Bank fails to maintain any of the Collection Account Bank Minimum Ratings, the Issuer (or the Servicer on its behalf) shall use its commercially reasonable endeavours, in accordance with the Collection Account Bank Agreement and the Servicing Agreement to (or to procure) the:

- (a) termination of the appointment of the Collection Account Bank in accordance with the Servicing Agreement and the Collection Account Bank Agreement and procure that the funds standing to the credit of the Portfolio Transaction Accounts are promptly transferred from the Portfolio Transaction Accounts and placed on deposit on terms the same or substantially the same (*mutatis mutandis*) as the Collection Account Bank Agreement with an institution:
 - (i) that maintains ratings at least equal to the Collection Account Bank Minimum Ratings;
 - (ii) that is a bank for the purposes of section 991 of the Income Tax Act 2007 and payments of interest are made in the ordinary course of its business within the meaning of section 878 of the Income Tax Act 2007;

- (iii) is a member of the Direct Debiting Scheme or any scheme which replaces the Direct Debiting Scheme; and
 - (iv) that is an institution authorised to carry on banking business including accepting deposits under the FSMA; or
- (b) the obtaining of a guarantee (in such form that would not result in any of the Rating Agencies downgrading the current ratings assigned to any Class or Classes of Notes or withdrawing, qualifying or putting such current ratings assigned to any Class or Classes of Notes on a negative outlook) of the Collection Account Bank's obligations under the Collection Account Bank Agreement from a bank with ratings at least equal to the Collection Account Bank Minimum Ratings,

in each case, within 60 calendar days (but no less than 35 calendar days) of the date on which the Collection Account Bank ceases to have the Collection Account Bank Minimum Ratings (or such longer period as the Security Trustee and the Rating Agencies may agree).

Termination of the appointment of the Servicer

The Issuer or (following the service of an Enforcement Notice) the Security Trustee may at once or at any time thereafter while such default continues, by notice in writing to the Servicer (with a copy to the Security Trustee or the Issuer (as applicable)), terminate the Servicer's appointment under the Servicing Agreement if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) default by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which default in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee acting on the instructions of the Note Trustee (following the delivery of an Enforcement Notice) is materially prejudicial to the interests of the Noteholders and Certificateholders and which, in the case of a default or breach that is capable of remedy, continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and of receipt by the Servicer of written notice from the Issuer or the Seller (prior to the service of an Enforcement Notice) or the Security Trustee (following the delivery of an Enforcement Notice) requiring the same to be remedied;
- (c) an order is made, or an effective resolution passed, for the winding up of the Servicer (unless the order is made for the purpose of a reorganisation the terms of which have been approved by the Issuer or, following the service of an Enforcement Notice, the Security Trustee and where the Servicer demonstrates to the satisfaction of the Issuer that it is solvent);
- (d) the Servicer ceasing to be an authorised person under the FSMA or the revocation of an applicable licence, registration or regulatory permission held by it required to perform the Services;
- (e) the occurrence of an Insolvency Event in respect of the Servicer (other than any frivolous or vexatious corporate action or any other corporate action, legal proceedings or other procedure or step referred to in paragraph (e) of the definition of "Insolvency Event" which is disputed in good faith with a reasonable prospect of success by the Servicer and dismissed or otherwise discharged within 30 days of being commenced);
- (f) the Servicer ceasing to carry on substantially the whole of its residential mortgage servicing business (for the avoidance of doubt any sub-contracting or delegation in accordance with the Servicing Agreement would not constitute cessation of the Servicer's business); or
- (g) the occurrence of a Perfection Event (other than the occurrence of the Perfection Event under paragraph (b) of the definition of "Perfection Event").

The termination of the appointment of the Servicer shall take effect on the date of appointment of a Replacement Servicer, **provided that** the Issuer (assisted by the Back-Up Servicer Facilitator) shall use reasonable endeavours to appoint a Replacement Servicer.

Voluntary Resignation

The Servicer may voluntarily resign by giving at least 60 days' written notice to the Issuer and the Seller (with a copy to the Security Trustee) of its intention to resign if a replacement servicer (the "**Replacement Servicer**") has been appointed on substantially the same terms to those in the Servicing Agreement unless otherwise agreed by an Extraordinary Resolution of each Class of Noteholders then outstanding or the RC2 Certificateholders (if no Notes remain outstanding).

Delivery of documents and records

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver to the Issuer (or as the Issuer shall direct), *inter alia*, the Title Deeds and Mortgage Loan Files relating to the Mortgage Loans and their Related Security in its possession and take such further action as the Issuer or, after the delivery of an Enforcement Notice, the Security Trustee shall reasonably direct to enable the services due to be performed by the Servicer under the Servicing Agreement to be performed by the Replacement Servicer as replacement servicer.

Arrears Management Procedures

The Servicer shall, in relation to any default by any Borrower under or in connection with a Mortgage Loan or its Related Security, comply with:

- (a) the Arrears Management Procedures;
- (b) applicable regulations in accordance with the Arrears Management Procedures that could reasonably be expected to be complied with by a Prudent Mortgage Lender; and
- (c) all reasonable requirements of the Issuer (prior to the service of an Enforcement Notice) or the Security Trustee (following the service of an Enforcement Notice) in relation to such enforcement within the Arrears Management Procedures or, to the extent that the Arrears Management Procedures are not applicable having regard to the nature of the default in question, shall take such action in accordance with the Servicing Standard in respect of such default.

"**Arrears Management Procedures**" means the exercise by the Servicer on behalf of the Issuer and the Seller of the rights and remedies of the Issuer and the Seller and/or the Security Trustee (as applicable) against a Borrower or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with the respective Mortgage Loan or Related Security in accordance with the procedures described in the Servicer's client manual or such other procedures as may be taken by the Servicer acting in accordance with the standards of a Prudent Mortgage Lender in connection with defaults of a similar nature.

The Servicer shall procure that if, upon completion of the Arrears Management Procedures, an amount in excess of all sums due by the relevant Borrower (including any costs incurred in connection with the Arrears Management Procedures) is recovered or received by the Servicer, the balance, after discharge of all sums due by the Borrower, is paid to the person or persons entitled thereto.

Issuer's Liability

The Issuer shall indemnify and hold harmless the Servicer against any loss, damage, charge, award, claim, demand, judgment, decree, action, proceedings, fine, penalty, cost, expense or other liability (including properly incurred legal and other professional fees and expenses) ("**Liability**") incurred or suffered by the Servicer after the date of the Servicing Agreement as a result of, or in connection with, servicing the Mortgage Loans and the Related Security by the Servicer in accordance with the Servicing Agreement, **provided that** the Issuer shall not be liable for any Liability to the extent that such Liabilities arise from fraud, wilful default, any breach or negligence of the Servicer.

Sub-Contracting by the Servicer

The Servicer is permitted in specified circumstances and subject to certain conditions with the prior written consent of the Issuer and the Security Trustee, to sub-contract or delegate its obligations under the Servicing

Agreement. If the Servicer sub-contracts or delegates its obligations under the Servicing Agreement, it shall nevertheless remain primarily liable for the performance of such obligations.

Limit to Servicer's Liability

The Servicer shall have no liability for the obligations of any Borrower, the Issuer and the Security Trustee under any of the Transaction Documents or otherwise and nothing herein shall constitute a guarantee, or similar obligation, by the Servicer in respect of any Borrower, the Issuer and the Security Trustee or of any of those obligations.

Back-Up Servicer Facilitator

The Issuer will appoint the Back-Up Servicer Facilitator in accordance with the Servicing Agreement. If the Servicer's appointment is terminated, the Back-Up Servicer Facilitator shall use best efforts to identify, on behalf of the Issuer, and assist the Issuer in the appointment of a suitable Replacement Servicer in accordance with the Servicing Agreement, such process to commence by no later than ten Business Days after the date when it became aware of the retirement of the Servicer. The Back-Up Servicer Facilitator shall use its reasonable endeavours to procure that the Replacement Servicer be appointed within 30 days of the termination of the appointment of the outgoing Servicer.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

In this Prospectus:

"**Data Protection Act 2018**" means the Data Protection Act 2018 adopted on the 25 May 2018.

Deed of Charge

On the Closing Date, the Issuer will enter into the Deed of Charge and the Scottish Supplemental Charge with, *inter alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the "**Security**") as trustee for itself and for the benefit of the Secured Creditors (including the Noteholders and the Certificateholders (in whichever capacity under the Transaction)):

- (a) a first fixed charge over the benefit of the Issuer in each English Mortgage Loan and the Related Security relating to such English Mortgage Loan comprised in the Mortgage Portfolio;
- (b) an assignment of rights held by the Issuer against certain third parties and insurers;
- (c) an assignation in security of the Issuer's beneficial interest under the trust declared by the Seller pursuant to the Scottish Declaration of Trust;
- (d) a first fixed charge of the benefit of the Issuer Accounts and any bank or other accounts of the Issuer in which the Issuer may at any time have or acquire any benefit;
- (e) assignment of the benefit of the Issuer under each relevant Transaction Document to which the Issuer is a party (other than the Trust Documents, the Scottish Declaration of Trust, each Scottish Supplemental Charge and each Scottish Sub-Security) (**provided that** the assignment by way of security of the Issuer's rights under each Swap Agreement shall be subject to any rights of set-off or netting provided for thereunder), including:
 - (i) the Agency Agreement;
 - (ii) the Cash Management Agreement;
 - (iii) the Global Collection Account Declaration of Trust;

- (iv) the Deed of Accession to Global Collection Account Declaration of Trust;
 - (v) the Portfolio Transaction Accounts Declaration of Trust;
 - (vi) the Corporate Services Agreement;
 - (vii) the Deed Poll;
 - (viii) the Issuer Account Bank Agreement;
 - (ix) the Mortgage Sale Agreement;
 - (x) each Swap Agreement; and
 - (xi) the Servicing Agreement; and
- (f) a first floating charge over all the assets and undertakings of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (e) above, but extending over all assets and undertakings of the Issuer situated in, or otherwise governed by the laws of Scotland.

In the event that legal title to the Mortgage Portfolio is transferred to the Issuer pursuant to the Mortgage Sale Agreement following the occurrence of a Perfection Event, the Issuer is also obliged to enter into a Scottish standard security in respect of its interest as legal title holder in the Scottish Mortgage Loans and their Related Security in the Mortgage Portfolio (a "**Scottish Sub-Security**").

Pursuant to the Deed of Charge, the Issuer appoints the Security Trustee and any Receiver jointly and severally to exercise the Issuer's rights, powers and discretions under and in respect of the Transaction Documents, the Mortgage Loans and the Related Security including the right to fix the interest rate in respect of any Mortgage Loan and to carry out any obligation imposed on the Issuer under this Deed or any other Transaction Document (the "**Issuer Power of Attorney**").

"**Trust Documents**" means the Trust Deed and Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or (as applicable) the Deed of Charge and expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable).

Post-Enforcement Payments Priorities

The Deed of Charge provides that following the service of an Enforcement Notice by or on behalf of the Security Trustee (or a Receiver of the Issuer appointed by the Security Trustee pursuant to the Deed of Charge), the application of cash is to be carried out in accordance with the Post-Enforcement Priority of Payments. This order of priority is described in the section entitled "*Cashflows and Cash Management – Distributions following the service of an Enforcement Notice on the Issuer*".

Enforcement

The Security shall only become enforceable on the service of an Enforcement Notice pursuant to Condition 11 (*Events of Default*) or, following the redemption in full of the Notes, Residual Certificates Condition 10 (*Events of Default*). The Deed of Charge will set out the procedures by which the Security Trustee may take steps to enforce the Security.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law (save that aspects relating to Scottish Mortgage Loans and their Related Security will be construed in accordance with Scots law and the Scottish Supplemental Charge and any Scottish Sub-Security granted pursuant to the Deed of Charge will be governed by Scots law).

Collection Account Bank Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Seller, the Servicer, the Global Collection Account Bank, the Collection Account Bank and the Security Trustee (the

"**Collection Account Bank Agreement**") the Seller will maintain with the Collection Account Bank the Portfolio Transaction Accounts and with the Global Collection Account Bank, the Global Collection Account which will be operated in accordance with the Servicing Agreement, the Global Collection Account Declaration of Trust and the Portfolio Transaction Accounts Declaration of Trust. The Global Collection Account Bank and the Collection Account Bank are required to have at least the Collection Account Bank Minimum Ratings.

The Global Collection Account is a collection account in the name of the Seller held with the Global Collection Account Bank into which the Servicer directs payment of principal collections and revenue collections in respect of the Mortgage Portfolio where such payments are not made by way of the Direct Debiting Scheme.

The General Transaction Collection Account is a bank account held by the Seller to which the Servicer shall, in accordance with the Collection Account Bank Agreement, direct payment of principal collections and revenue collections in respect of the Mortgage Portfolio where such payments are made by way of the Direct Debiting Scheme.

The Funding Transaction Collection Account is a bank account held by the Seller to which certain Third Party Amounts are paid to the relevant third party in accordance with the Collection Account Bank Agreement. Where such payments result in an overdrawn balance on the Funding Transaction Collection Account, the Servicer shall ensure that the amounts to repay such overdraft are transferred from the General Transaction Collection Account as described below.

Under the terms of the Collection Account Bank Agreement, on or before the Closing Date the Seller will provide the Collection Account Bank with a new account mandate authorising it to operate the Portfolio Transaction Accounts as directed by the Servicer. The Servicer by way of the Servicing Agreement will undertake, to the extent that any such transfer is not automatically completed by the Collection Account Bank, to:

- (a) ensure that the General Transaction Collection Account shall not be overdrawn (**provided that** the General Transaction Collection Account shall be permitted to be overdrawn if the same is cured as soon as reasonably practicable);
- (b) ensure that a transfer is made from the Funding Transaction Collection Account to the General Transaction Collection Account of all amounts of cleared funds received by the Collection Account Bank and credited to the Funding Transaction Collection Account on each Business Day, following close of business on each Business Day;
- (c) ensure that a transfer is made from the General Transaction Collection Account to the Funding Transaction Collection Account of an amount in cleared funds credited to the General Transaction Collection Account on each Business Day as is required to return any overdrawn balance of the Funding Transaction Collection Account to zero (or, if less, all amounts of cleared funds credited to the Funding Transaction Collection Account on such day), following close of business on such Business Day;
- (d) ensure that all cleared funds standing to the credit of the Global Collection Account and related to the Mortgage Portfolio (save for certain amounts received in relation to the Mortgage Loans and their Related Security which are required to be refunded or otherwise disbursed), less any fees, costs, charges, liabilities and expenses due under the provisions of the Collection Account Bank Agreement insofar as any such amounts are attributable to the Issuer's Share of the Global Collection Account Trust, are transferred to the General Transaction Collection Account by the close of business on the following Business Day, **provided that** any transfer that is delayed for administrative reasons will be made as soon as reasonably practicable (and the Servicer shall use reasonable endeavours to procure that any such delayed transfer is made within one Business Day);
- (e) ensure that certain payments of Third Party Amounts, as are necessary from time to time in respect of the Mortgage Loans, are made out of the Funding Transaction Collection Account (save for where such payments are made in respect of amounts received under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited, in which case such payment may be made out of the General Transaction Collection Account); and
- (f) ensure that all cleared funds standing to the credit of the General Transaction Collection Account that exceed the General Transaction Collection Account Minimum Balance on a Business Day are transferred

to the Issuer Account by the close of business on the following Business Day, **provided that** this obligation applies only where the amount of such transfer from the General Transaction Collection Account would equal or exceed £5,000 and **provided further that** any transfer that is delayed for administrative reasons will be made as soon as reasonably practicable (and the Servicer shall use reasonable endeavours to procure that any such delayed transfer is made within one Business Day).

"Direct Debit" means a written instruction of a Borrower authorising its bank to honour a request of the Seller to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Seller.

"Direct Debiting Scheme" means the scheme for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

"Funding Transaction Collection Account" means the account in the name of the Seller at the Collection Account Bank with sort code 20-19-90 and account number 53172538.

"General Transaction Collection Account" means the account in the name of the Seller at the Collection Account Bank with sort code 20-19-90 and account number 83977641.

"Global Collection Account" means Paratus AMC Ltd Collection Trust Account (CTA) in the name of the Seller at the Global Collection Account Bank with sort code 20-19-90 and account number 90877859.

"Portfolio Transaction Accounts" means the Funding Transaction Collection Account and General Transaction Collection Account.

Governing Law

The Collection Account Bank Agreement and any non-contractual obligations arising out of or in connection with them will be governed by English law.

Global Collection Account Declaration of Trust and Deed of Accession to Global Collection Account Trust Declaration of Trust

The Seller has, pursuant to a declaration of trust (the "**Global Collection Account Declaration of Trust**") entered into prior to the Closing Date, declared a trust (the "**Global Collection Account Trust**") over all of its right, title and beneficial interest in respect of the Global Collection Account. The Issuer will, on or about the Closing Date, accede to the trust arrangements in respect of the Global Collection Account as beneficiary in respect of amounts standing to the credit thereof that are referable to the Mortgage Loans by executing an accession undertaking (the "**Deed of Accession to Global Collection Account Declaration of Trust**").

The Issuer's share of the Global Collection Account Trust (the "**Issuer's Share of the Global Collection Account Trust**") at any relevant time shall equal all amounts credited to the Global Collection Account at such time in respect of the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio in respect of the Mortgage Loans and their Related Security (save for certain amounts received in relation to the Mortgage Loans and their Related Security which are required to be refunded or otherwise disbursed). Additional beneficiaries may from time to time on and from the Closing Date accede to the Global Collection Account Declaration of Trust without the consent of the Issuer or the Security Trustee; however, any such accession will not affect the manner in which the Issuer's Share of the Global Collection Account Trust is calculated.

On or before the Closing Date, the Seller will provide the Global Collection Account Bank with an account mandate authorising the Servicer to transfer monies that are identified as being referable to the Mortgage Portfolio from the Global Collection Account at the end of each Business Day (to the extent that the Global Collection Account Bank does not undertake such task automatically) into the General Transaction Collection Account.

Governing Law

The Global Collection Account Declaration of Trust, the Deed of Accession to Global Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with them will be governed by English law.

Portfolio Transaction Accounts Declaration of Trust

The Seller will, on or about the Closing Date, declare a trust (the "**Portfolio Transaction Accounts Trust**") by executing a declaration of trust (the "**Portfolio Transaction Accounts Declaration of Trust**") in respect of amounts standing to the credit of the Portfolio Transaction Accounts.

The Issuer's share of the Portfolio Transaction Accounts Trust (the "**Issuer's Share of the Portfolio Transaction Accounts Trust**") at any relevant time shall equal all amounts credited to the Portfolio Transaction Accounts at such time in respect of the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio (save for certain amounts received in relation to the Mortgage Loans and their Related Security which are required to be refunded or otherwise disbursed), but excluding any amounts identified by the Servicer as being required in respect of Third Party Amounts pursuant to the terms of the Servicing Agreement.

Governing Law

The Portfolio Transaction Accounts Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Trust Deed

On or about the Closing Date, the Issuer, the Security Trustee and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Residual Certificates are subject to the provisions in the Trust Deed. The Conditions and the Residual Certificates Conditions and the forms of each Class of Notes and the Residual Certificates are each constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes and the Residual Certificates on trust for the Noteholders and the Certificateholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed separately between the Issuer and the Note Trustee (exclusive of VAT) together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire after giving not less than 60 calendar days' notice in writing to the Issuer. Further, the Most Senior Class of Notes may, by an Extraordinary Resolution, remove the Note Trustee.

The retirement or removal of the Note Trustee shall not become effective unless there remains at least one Note Trustee under the Trust Deed and the Issuer will covenant in the Trust Deed to use all reasonable endeavours to procure the appointment of a new Note Trustee after the resignation or removal of the existing Note Trustee. If the Issuer has failed to appoint a replacement Note Trustee prior to the expiry of the notice period given by the Note Trustee, the outgoing Note Trustee will be entitled to nominate a successor which shall be approved by an Extraordinary Resolution of the Most Senior Class of Notes or, if no Notes are outstanding, the RC2 Residual Certificates. The Rating Agencies shall be notified of such appointment by the Issuer.

Governing Law

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Agency Agreement

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes and RC2 Payments on the RC2 Residual Certificates.

Governing Law

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Cash Management Agreement

On the Closing Date, the Cash Manager, the Issuer and the Security Trustee will enter into a cash management agreement (the "**Cash Management Agreement**").

Cash Management Services to be provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be to (i) calculate the amount of Available Revenue Receipts and Available Redemption Receipts available for application on the immediately following Interest Payment Date, together with (on or prior to the Final Redemption Date and without double counting) any amounts standing to the credit of the Liquidity Reserve Ledger to be applied in relation to a Revenue Deficit on such Interest Payment Date; and (ii) effect payments to and from the Issuer Account. In addition, the Cash Manager will, among other things, perform the following:

- (a) on each Calculation Date, determine if there would be a Revenue Deficit following the application of Available Revenue Receipts on the immediately following Interest Payment Date;
- (b) on each Calculation Date, determine if each or any of the Liquidity Availability Conditions are satisfied;
- (c) on each Calculation Date, following on or prior to the Senior Note Redemption Date, determine the Liquidity Reserve Required Amount;
- (d) on each Calculation Date, determine if the immediately following Interest Payment Date shall be the Senior Note Redemption Date or the Final Redemption Date;
- (e) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts (including any amounts to be debited from the Liquidity Reserve Ledger over and above the Liquidity Reserve Required Amount, any amounts to be debited from the Credit Reserve Ledger over and above the Credit Reserve Required Amount), Available Redemption Receipts and (subject to the satisfaction of the relevant Liquidity Availability Conditions) any Principal Addition Amounts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Redemption Priority of Payments (as applicable);
- (f) calculate on each Calculation Date (prior to the service of an Enforcement Notice) the amount of any Liquidity Reserve Drawings to be applied on the immediately following Interest Payment Date;
- (g) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments (including, for the avoidance of doubt, Principal Addition Amounts) and, on or prior to the Final Redemption Date only; (subject to the satisfaction of the relevant Liquidity Availability Conditions) any Liquidity Reserve Drawings to be applied in meeting any Revenue Deficit against the relevant items in the Pre-Enforcement Revenue Priority of Payments in the order that they appear in the Pre-Enforcement Revenue Priority of Payments;
- (h) record credits and debits on the Ledgers, as and when required;
- (i) apply the monies standing to the credit of the Swap Collateral Accounts in accordance with the Swap Collateral Account Priority of Payments defined in the section entitled "*Cashflows and Cash Management – Swap Collateral*"; and
- (j) if required (i) during a Determination Period, calculate the Interest Determination Ratio; and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with the Cash Management Agreement.

In addition, the Cash Manager will also:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer:
- (i) the "**Redemption Receipts Ledger**", which will record all Redemption Receipts received by the Issuer and the distribution of the Redemption Receipts in accordance with the provisions of the Cash Management Agreement;
 - (ii) the "**Revenue Receipts Ledger**", which will record all Revenue Receipts, amounts retained in the Issuer Account in accordance with item (q) of the Pre-Enforcement Revenue Priority of Payments and the distribution of the Revenue Receipts recorded on the Revenue Receipts Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Third Party Amounts to the extent paid from the Issuer Account to the persons entitled thereto;
 - (iii) the "**Credit Reserve Ledger**" which will record amounts credited to, and debited from, the Credit Reserve. The Credit Reserve Ledger will be credited with the proceeds of the issuance of the Class Z Notes on the Closing Date up to the Credit Reserve Required Amount. Thereafter, on each Interest Payment Date, the Cash Manager will credit the Credit Reserve Ledger up to the Credit Reserve Required Amount at item (o) of the Pre-Enforcement Revenue Priority of Payments, to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. Amounts standing to the credit of the Credit Reserve Ledger shall be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (see "*Credit Structure – General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger*");
 - (iv) the "**Liquidity Reserve Ledger**", which will record amounts credited to, and debited from, the Liquidity Reserve. The Liquidity Reserve will be credited with a portion of the proceeds of the issuance of the Notes on the Closing Date up to the Liquidity Reserve Required Amount. Thereafter, on each Interest Payment Date (other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date) the Cash Manager will credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount on or prior to the Senior Note Redemption Date at item (i) of the Pre-Enforcement Revenue Priority of Payments to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. If on any Interest Payment Date there are amounts standing to the credit of the Liquidity Reserve Ledger in excess of the Liquidity Reserve Required Amount, such excess amounts shall be debited from the Liquidity Reserve Ledger to be accounted as Available Revenue Receipts and applied in accordance with the Pre-Enforcement Revenue Priority of Payments.
On or prior to the Final Redemption Date any amount standing to the Liquidity Reserve Ledger, subject to the Liquidity Availability Conditions, shall be available to be applied directly as Liquidity Reserve Drawings toward any Revenue Deficit determined by the Cash Manager on the immediately preceding Calculation Date (for the avoidance of doubt, after having applied Available Revenue Receipts pursuant to the provisions of the Pre-Enforcement Revenue Priority of Payments). Any such Liquidity Reserve Drawings shall be debited by the Cash Manager on the Liquidity Reserve Ledger.

On the Final Redemption Date, all amounts standing to the credit of the Liquidity Reserve Ledger (after first having applied any Liquidity Reserve Drawings to meet any Revenue Deficit on the Final Redemption Date (subject to the satisfaction of the relevant Liquidity Availability Conditions) and following the application of the Pre-Enforcement Revenue Priority of Payments) shall be debited therefrom and shall be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments (see "*Credit Structure – General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger*");
 - (v) the "**General Reserve Fund Ledger**" which will record amounts credited to, and debited from, the General Reserve Fund. The General Reserve Fund will be credited with the proceeds of the issuance of the Class Z Notes on the Closing Date up to the General Reserve Fund Required

Amount. Thereafter, on each Interest Payment Date, the Cash Manager will credit the General Reserve Fund up to the General Reserve Fund Required Amount at item (o) of the Pre-Enforcement Revenue Priority of Payments, to the extent that funds are available for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. Amounts standing to the credit of the General Reserve Fund shall be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (see "*Credit Structure – General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger*");

- (vi) the "**Principal Deficiency Ledger**", which means a ledger maintained by the Cash Manager on behalf of the Issuer, which will comprise the following sub-ledgers:
 - (A) the principal deficiency sub-ledger relating to the Class A Notes (the "**Class A Principal Deficiency Sub-Ledger**");
 - (B) the principal deficiency sub-ledger relating to the Class B Notes (the "**Class B Principal Deficiency Sub-Ledger**");
 - (C) the principal deficiency sub-ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**");
 - (D) the principal deficiency sub-ledger relating to the Class D Notes (the "**Class D Principal Deficiency Sub-Ledger**"); and
 - (E) the principal deficiency sub-ledger relating to the Accumulated Overcollateralisation (the "**Junior Principal Deficiency Sub-Ledger**"),

each a "**Principal Deficiency Sub-Ledger**", which will record on the appropriate sub-ledger as a debit entry deficiencies arising from (i) Losses on the Mortgage Portfolio (on the date the Cash Manager is informed of such Losses by the Servicer) and (ii) Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager) and record as a credit entry all PDL Cure Amounts (if any) on each Interest Payment Date and deemed to be Available Redemption Receipts (see "*Credit Structure – Principal Deficiency Ledger*"); and

- (vii) the "**Issuer Profit Ledger**", which shall record (A) as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) and (B) as a debit any amount used to discharge any tax liability of the Issuer (up to the credit balance standing of the Issuer Profit Ledger);
- (b) make available (and be authorised by the Issuer to make available) the Investor Reports to the Issuer, the Seller, the Servicer, the Note Trustee, the Security Trustee, the Rating Agencies, Bloomberg, the Noteholders, the Certificateholders, the Joint Arrangers, the relevant competent authorities and upon request, to potential investors in the Notes. The Cash Manager shall be entitled to rely on the self-certification of any Noteholder, Certificateholder and potential investor in the Notes that they are a Noteholder, Certificateholder or potential investor in the Notes (as applicable);
- (c) publish the relevant Investor Report on the Cash Manager Website (i) in the case of the Monthly Investor Reports, by no later than 11am on the 16th Business Day of each calendar month (other than in any calendar month where the Quarterly Investor Report is required to be delivered), and (ii) in the case of the Quarterly Investor Reports, on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Quarterly Investor Report, no later than 15 May 2024 (subject to the Cash Manager having received the required information from the Servicer or other relevant Transaction Party (as applicable));
- (d) make available (and be authorised by the Issuer to make available) to the Issuer, the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders, the relevant competent authorities and, upon request, potential investors in the Notes and the Rating Agencies the relevant Data Tapes provided to it by the Servicer, and procure that the Data Tapes are published on the Cash Manager Website (or such other website as may be available for such purpose and notified by the Cash Manager to the Transaction

Parties and the Rating Agencies from time to time) in each case on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Data Tape, no later than 15 May 2024; and

- (e) as soon as reasonably practicable upon receiving a request from the Issuer and/or the Security Trustee and **provided that** it has all information necessary to enable it to do so, calculate and provide to the Issuer and the Security Trustee on the Business Day immediately following its receipt of the required information from the Servicer:
 - (i) the Portfolio Minimum Purchase Price;
 - (ii) the Risk Retention Regulatory Change Option Purchase Price; and/or
 - (iii) the Redemption Event Portfolio Purchase Price.

In this Prospectus:

"Losses" means (i) all realised losses on the Mortgage Loans which are not recovered from the proceeds following the sale of the Property to which such Mortgage Loan relates or any losses realised by the Issuer on the Mortgage Portfolio as a result of the failure of the Collection Account Bank to remit funds to the Issuer and (ii) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Mortgage Loan where the Seller has failed to repurchase such Mortgage Loan in accordance with the terms of the Mortgage Sale Agreement.

Closing Reconciliation Amounts

The Cash Manager will undertake in the Cash Management Agreement to (a) calculate the Closing Reconciliation Amounts in accordance with the Cash Management Agreement (**provided that** the Servicer has provided to the Cash Manager each of the amounts referred to in the definition of Redemption Receipts (other than paragraphs (b) and (e) thereof) and each of the amounts referred to in the definition of Revenue Receipts (other than paragraphs (e) and (f) thereof)), and (b) inform the Seller, the Servicer, the Issuer and the Security Trustee of the result.

Investor Reports

The Issuer is the designated entity for the purposes of Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Issuer). The Issuer has appointed the Cash Manager to assist the Issuer in performance of certain of its obligations under (i) Article 7 of the UK Securitisation Regulation and (ii) Article 7 of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer), under the Cash Management Agreement. The Cash Manager on behalf of the Issuer will publish the relevant Investor Reports and Data Tapes in connection with the Issuer's obligations under (A) Article 7(1)(e) of the UK Securitisation Regulation and (B) Article 7(1)(e) of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer), on its website.

From the date of this Prospectus (i) Monthly Investor Reports will be provided for each calendar month in the form scheduled to the Cash Management Agreement; and (ii) Quarterly Investor Reports will be provided quarterly in the form of the disclosure templates adopted under the UK Article 7 Technical Standards and the EU Article 7 Technical Standards. The Monthly Investor Reports will be provided by the Cash Manager by no later than 11am on the 16th Business Day of the relevant calendar month and the Quarterly Investor Reports on the Interest Payment Date or shortly thereafter, in each case on the Cash Manager Website (and the Servicer will publish the same via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>)).

The Cash Manager will only be required to produce the Quarterly Investor Report in the templates prescribed under Article 7(1)(e) of the UK Securitisation Regulation, Article 7 UK Technical Standards, Article 7(1)(e) of the EU Securitisation Regulation and Article 7 EU Technical Standards as at the Closing Date, until such time as the Cash Manager is notified in writing by the Issuer and/or the Servicer of any changes to the prescribed templates pursuant to the UK Securitisation Regulation, UK Article 7 Technical Standards, EU Securitisation Regulation and/or Article 7 EU Technical Standards (as applicable). If the Cash Manager is notified in writing of changes to the disclosure templates, the Cash Manager, the Servicer and the Issuer shall consult on any changes required to the form, timing, frequency of distribution and method of distribution of the Quarterly Investor Report(s) (as relevant) and following such consultation the Cash Manager shall provide such additional or alternative reporting

and information as agreed between the Cash Manager, the Servicer and the Issuer and which is required to comply with any changes to (i) Article 7(1)(e) of the UK Securitisation Regulation and UK Article 7 Technical Standards and (ii) Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards. If any changes are agreed, the Issuer, the Servicer and the Cash Manager may enter for these purposes into any amendment agreement to the Servicing Agreement and/or the Cash Management Agreement as the case may be. In the event that, following such consultation, the Cash Manager is unable to produce a Quarterly Investor Report to comply with such changes, the Servicer shall or shall procure another third party service provider to produce the required Quarterly Investor Report.

The Cash Manager on behalf of the Issuer will also publish the relevant Data Tapes in respect of the relevant period in connection with the Issuer's obligations under (i) Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards and (ii) Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards for the purposes of investors' compliance with Article 5(1)(e) of the EU Securitisation Regulation not taking into account any relevant national measures (as if it were applicable to Paratus and the Issuer), and as provided by the Servicer to the Cash Manager (to the satisfaction of the Cash Manager) on the Cash Manager Website on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Data Tape, no later than by 15 May 2024.

The Issuer, the Servicer and the Cash Manager (if required) may agree in writing the form, content, method of distribution and frequency of the reporting contemplated under the Servicing Agreement and/or the Cash Management Agreement.

Such Investor Reports and Data Tapes referred to above will also be published or made otherwise available by the Servicer as required under (i) Article 7(2) of the UK Securitisation Regulation and (ii) Article 7(2) of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer) by means of the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>).

The Cash Manager and the Servicer (as applicable) will (and in each case as authorised by the Issuer to) make the information referred to above available to the Noteholders and Certificateholders, relevant competent authorities and, upon request, to potential investors in the Notes.

Cash Manager and Directions from the Security Trustee

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

Remuneration of Cash Manager

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be exclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Termination of Appointment and Replacement of Cash Manager

Cash Manager Termination Events

If any of the following events ("**Cash Manager Termination Events**") shall occur:

- (a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied;
- (b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement or any of the Cash Manager warranties in the Cash

Management Agreement proves to be untrue, incomplete, or inaccurate, or any certification or statement made by the Cash Manager in any certificate or other document delivered pursuant to the Cash Management Agreement proves to be untrue, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied;

- (c) an Insolvency Event occurs in respect of the Cash Manager; or
- (d) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the prior written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee may deliver a notice to the Cash Manager from the Issuer or, as applicable, the Security Trustee delivered in accordance with the terms of the Cash Management Agreement (a "**Cash Manager Termination Notice**") to the Cash Manager (with a copy to the Issuer or the Security Trustee (as applicable)) immediately or at any time after the occurrence of such a Cash Manager Termination Event the effect of which shall be to terminate the Cash Manager's appointment under the Cash Management Agreement from the later of (i) the latest to occur of the date specified in a Cash Manager Termination Notice or in a notice delivered pursuant to or determined in accordance with the Cash Management Agreement (the "**Cash Manager Termination Date**") referred to in such notice and (ii) the appointment of a suitable substitute cash manager in accordance with the provisions of the Cash Management Agreement.

In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Security Trustee will have regard to factors, including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a substitute cash manager that satisfies the conditions set out below and the Security Trustee shall consent to such appointment if the conditions below are satisfied.

Termination of appointment of Cash Manager by Issuer or Security Trustee

If:

- (a) the Issuer, with the written consent of the Security Trustee, has given not less than 60 days' prior written notice of its intention to terminate the Cash Management Agreement to the Cash Manager; or
- (b) the Security Trustee has given not less than 60 days' prior written notice of its intention to terminate the Cash Management Agreement to the Cash Manager and the Issuer,

then the Cash Management Agreement shall terminate with effect from the Cash Manager Termination Date referred to in such notice or (if later) the date that a substitute cash manager that satisfies the conditions set out below has been appointed in accordance with the Cash Management Agreement.

Substitute Cash Manager

Any substitute cash manager:

- (a) must have the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;
- (b) must agree to enter into a cash management agreement with the Issuer substantially on the terms of the Cash Management Agreement, and which provides for the substitute cash manager to be remunerated at such a rate as is agreed by the Issuer but which does not exceed the rate then commonly charged by providers of services of the kind described in the Cash Management Agreement and required by the Cash Management Agreement to be provided by the Cash Manager and is otherwise on substantially the same terms as those of the Cash Management Agreement;
- (c) must be resident for tax purposes solely in the United Kingdom; and
- (d) (if any Collateralised Rated Notes remain outstanding) must be a party that the Rating Agencies have previously confirmed by whatever means such Rating Agencies consider appropriate (**provided that** the

Issuer is permitted to and does confirm in writing (including by email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Collateralised Rated Notes to be adversely affected **provided further that** to the extent that a request for written confirmation from the Rating Agencies elicits no response from a Rating Agency within ten Business Days of the date of such request, the Issuer shall be entitled to assume (and shall certify in writing to the Note Trustee and the Security Trustee (upon which certification the Note Trustee and Security Trustee shall be entitled to rely absolutely without liability to any person for so doing) that it is entitled to assume) that the appointment of such entity as a substitute cash manager will not cause the ratings assigned to the Collateralised Rated Notes by that non-responsive Rating Agency to be downgraded or withdrawn.

For the avoidance of doubt, upon termination of the appointment of the Cash Manager, if the Issuer is unable to find a suitable third party willing to act as a substitute cash manager, this shall not constitute a breach of the provisions of the Cash Management Agreement.

To the extent the Issuer does not appoint a substitute Cash Manager in accordance with the terms of the Cash Management Agreement prior to the termination date specified in the notice delivered by the Cash Manager in accordance with the Cash Management Agreement, the Cash Manager may appoint a substitute Cash Manager, **provided that** such appointment satisfies the provisions of the Cash Management Agreement.

Resignation of the Cash Manager

The Cash Manager may resign on giving not less than 60 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the Servicer and the Security Trustee) of its intention to terminate the Cash Management Agreement to the Issuer, the Servicer, the Note Trustee and (following service of an Enforcement Notice) the Security Trustee without providing any reason therefor and without being responsible for any liability incurred by reason thereof, and the Cash Management Agreement shall terminate with effect from the Cash Manager Termination Date referred to in such notice or (if later) the date that a suitable substitute cash manager has been appointed in accordance with the provisions of the Cash Management Agreement and the Security Trustee shall consent to such appointment if the conditions above are satisfied (see "*Termination of Appointment and Replacement of Cash Manager*" above).

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Issuer Account Bank Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the "**Issuer Account Bank Agreement**"), the Issuer will maintain with the Issuer Account Bank the Issuer Account and the Swap Collateral Accounts, which will be operated in accordance with the Cash Management Agreement and the Deed of Charge and, in relation to each Swap Collateral Account, the relevant Swap Agreement. The Issuer Account Bank is required to have at least the Account Bank Minimum Ratings.

Governing Law

The Issuer Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Corporate Services Agreement

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings and the arrangement for the convening of shareholders' and directors' meetings.

The Corporate Services Provider will be entitled to terminate its respective appointment under the Corporate Services Agreement on 30 days' written notice to the Issuer, the Security Trustee and each other party to the Corporate Services Agreement, **provided that** a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Issuer (with prior written consent of the Security Trustee) and, following delivery of an Enforcement Notice, the Security Trustee can terminate the appointment of the Corporate Services Provider on 30 days' written notice to the Corporate Services Provider (with a copy of such notice to the Issuer).

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Security Trustee (with a copy of such notice to the Issuer and the Servicer) or the Issuer (with a copy of such notice to the Security Trustee and the Servicer), if the Corporate Services Provider breaches its obligations under the terms of the Corporate Services Agreement and/or certain insolvency-related events occur in relation to the Corporate Services Provider.

Governing Law

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Swap Agreements

On or about the Closing Date, the Issuer will enter into:

- (a) a 1992 ISDA Master Agreement (Multicurrency – Cross Border) (together with the schedule and credit support annex thereto) (the "**NAB Swap Agreement** ") and an interest rate swap transaction thereunder (the "**NAB Swap Transaction**") with National Australia Bank Limited ("**NAB**") as the swap counterparty (the "**NAB Swap Counterparty**"); and
- (b) a 1992 ISDA Master Agreement (Multicurrency – Cross Border) (together with the schedule and credit support annex thereto) (the "**NATIXIS Swap Agreement**") and interest rate swap transactions thereunder (the "**NATIXIS Swap Transactions**") with NATIXIS as the swap counterparty (the "**NATIXIS Swap Counterparty**"),

(the NAB Swap Transaction and the NATIXIS Swap Transactions being together the "**Swap Transactions**"), each in accordance with the applicable criteria of each Rating Agency on the Closing Date to hedge the risk of a differential between the rate of interest receivable in respect of the Fixed Rate Mortgage Loans acquired by it on the Closing Date, on the one hand, and the SONIA-based rate of interest payable on the Collateralised Rated Notes on the other hand.

Each Swap Transaction shall be entered into by transferring by way of novation and amendment one or more hedging transactions entered into between any Warehouse Issuer and the relevant Warehouse Swap Counterparty to the Issuer (with the relevant Warehouse Swap Counterparty as the "remaining party" under the relevant swap novation agreement).

Save in respect of the NAB Swap Agreement, the NATIXIS Swap Transactions and any other transaction entered into for the purpose of hedging interest-rate or currency risk (such to be underwritten and documented according to common standards in international finance), the Issuer will not enter into any derivative contracts.

Each Swap Transaction may be terminated early in a number of circumstances as more fully set out in the relevant Swap Agreement, including in particular following a payment default by either party, an insolvency-related event in respect of either party and certain tax-related events. If a Swap Transaction is terminated early, the Issuer may be obliged to pay a termination payment to that Swap Counterparty. The amount of any such termination payment will be based on the market value of the relevant Swap Transaction being terminated, computed in accordance with the relevant Swap Agreement, which would generally be by reference to the cost of entering into a replacement swap transaction that would have the effect of preserving the respective full payment obligations of the parties, in accordance with the procedures set out in the relevant Swap Agreement.

Under the terms of the Swap Agreements, in the event that the relevant ratings of a Swap Counterparty, or its respective guarantor, as applicable, is or are, as applicable, downgraded by a Rating Agency below the relevant ratings specified (in accordance with the criteria of S&P and Moody's) in the relevant Swap Agreement and (in

some cases) as a result of such downgrade the then current ratings of the class of Notes relating to that Swap Agreement, would or may, as applicable, be adversely affected, that Swap Counterparty will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include: (i) providing collateral for its obligations under the relevant Swap Agreement; (ii) arranging for its obligations under that Swap Agreement to be transferred to an entity with ratings required by the relevant Rating Agency as specified in that Swap Agreement (in accordance with the criteria of S&P and Moody's); (iii) procuring another entity, with ratings required by the relevant Rating Agency as specified in that Swap Agreement (in accordance with the criteria of S&P and Moody's), to become co-obligor or guarantor in respect of its obligations under that Swap Agreement; or (iv) taking such other action as it may agree with the relevant Rating Agency. If a Swap Counterparty fails to take one of the actions described above within the specified period referred to in the relevant Swap Agreement, then the Issuer will be entitled to terminate that Swap Agreement.

Governing Law

The Swap Agreements and any non-contractual obligations arising out of or in connection with them will be governed by English law.

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Relevant Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any other person other than the Issuer.

References in this Prospectus to: (i) the crediting or debiting of any Ledger (other than the Principal Deficiency Ledger) refer to the cash movement of amounts into or from the Issuer Account as recorded on such Ledger; and (ii) amounts standing to the credit of any relevant Ledger mean that amounts can be identified as being of the particular nature to be recorded on such Ledger.

The structure of the credit support arrangements may be summarised as follows:

Liquidity and Credit Support for the Notes provided by Available Revenue Receipts

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Mortgage Loans will, assuming that all of the Mortgage Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (s) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the RC2 Certificateholders at item (t) of the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Mortgage Loans in the Mortgage Portfolio relative to the interest rates on the Notes (as to which, see "*Risk Factors – Macroeconomic and market risks – Absence of secondary market or lack of liquidity in the secondary market may adversely affect the market value of the Notes*") and the performance of the Mortgage Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger debit entries which may arise from (i) Losses on the Mortgage Portfolio or (ii) the application of Available Redemption Receipts as Principal Addition Amounts to cover any Revenue Deficits in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments.

Further, Principal Addition Amounts and, on or prior to the Final Redemption Date, amounts standing to the credit of the Liquidity Reserve Ledger will be available to cover any Revenue Deficits subject to the application of the Liquidity Availability Conditions. Amounts standing to the credit of the Credit Reserve will be available to cover shortfalls in interest and principal payable in respect of the Collateralised Rated Notes.

On or prior to the Senior Note Redemption Date, to the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments required to be met under items (a) to (h) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the Liquidity Reserve Ledger up to and including an amount equal to the Liquidity Reserve Required Amount. For the avoidance of doubt, following the Senior Note Redemption Date, item (i) of the Pre-Enforcement Revenue Priority of Payments is not applicable.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments required to be met under items (a) to (n) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to credit the Credit Reserve Ledger up to an amount equal to the Credit Reserve Required Amount.

In certain circumstances and subject to certain conditions, the Liquidity Reserve (prior to the delivery of an Enforcement Notice) will be available for liquidity support to the Class A Notes and Class B Notes. The Liquidity Reserve will be available to cover any shortfall in the payment of the Senior Expenses until the Senior Note Redemption Date. Following the delivery of the Enforcement Notice, the Liquidity Reserve will be available to be applied in accordance with the Post-Enforcement Priority of Payments. The Credit Reserve will be available for (i) (prior to the service of an Enforcement Notice) credit enhancement and liquidity support to the Collateralised Rated Notes and (ii) (following the delivery of an Enforcement Notice) credit enhancement and liquidity support to all the Notes, as to which see "*Credit Structure – General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger*" below.

On each Interest Payment Date from and including the Optional Redemption Date, to the extent that the amount of Available Revenue Receipts exceeds the aggregate of the payments required to be met under items (a) to (r) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available as Enhanced Amortisation Amounts to be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

1. **General Reserve Fund, Credit Reserve Ledger and Liquidity Reserve Ledger**

On the Closing Date, the Issuer will establish a reserve fund (the "**General Reserve Fund**") which will be available for credit enhancement and liquidity support for the Notes.

The General Reserve Fund will be deposited in the Issuer Account (with a corresponding credit being made to the General Reserve Fund Ledger). The Cash Manager will maintain the General Reserve Fund Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund. The General Reserve Fund Ledger shall comprise two sub-ledgers: (i) the Credit Reserve Ledger; and (ii) the Liquidity Reserve Ledger.

On the Closing Date, the Cash Manager will credit the General Reserve Fund with an amount equal to the General Reserve Fund Required Amount from the proceeds of the issuance of the Class Z Notes.

The "**General Reserve Fund Required Amount**" means:

- (a) on the Closing Date and any Interest Payment Date up to and including the Final Redemption Date, 1.25 per cent. of the Principal Amount Outstanding of the Collateralised Rated Notes as of the Closing Date being an amount equal to £5,718,000; and
- (b) on each Interest Payment Date following the Final Redemption Date, zero.

For more information about the application of the amounts standing to the credit of the General Reserve Fund, see the section entitled "*Cashflows and Cash Management – Application of Monies released from the Liquidity Reserve*" below.

Credit Reserve

The Credit Reserve will provide credit enhancement and liquidity support to the Collateralised Rated Notes at all times. Following delivery of an Enforcement Notice, the Credit Reserve shall provide credit enhancement and liquidity support to all Classes of Notes.

The Credit Reserve Ledger shall be credited on each Interest Payment Date (prior to the service of an Enforcement Notice) and (other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date) up to the Credit Reserve Required Amount on each Interest Payment Date at item (o) of the Pre-Enforcement Revenue Priority of Payments, to the extent of the availability of funds for such purpose and in accordance with the Pre-Enforcement Revenue Priority of Payments.

On each Interest Payment Date, the entire balance of the Credit Reserve Ledger will be applied as Available Revenue Receipts.

The "**Credit Reserve Required Amount**" means:

- (a) the General Reserve Fund Required Amount; *less*
- (b) the Liquidity Reserve Required Amount.

Liquidity Reserve

The Liquidity Reserve will, under certain circumstances and subject to certain conditions, be available for liquidity support for certain of the Notes.

The Liquidity Reserve will provide liquidity support to the Class A Notes at all times. Prior to the Class A Note Redemption Date, the Liquidity Reserve will provide conditional liquidity support to the Class B Notes.

Following the Class A Note Redemption Date but on or prior to the Senior Note Redemption Date, the Liquidity Reserve will provide liquidity support to the Class B Notes unconditionally.

All amounts standing to the credit of the Liquidity Reserve Ledger will provide liquidity support to the Senior Expenses unconditionally until the Senior Note Redemption Date.

Notwithstanding the provisions of the foregoing paragraphs, following delivery of an Enforcement Notice, the Liquidity Reserve shall provide liquidity support and credit enhancement to all Classes of Notes.

The Liquidity Reserve Ledger shall be credited on each Interest Payment Date (prior to the service of an Enforcement Notice) and (other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date) up to the Liquidity Reserve Required Amount on such Interest Payment Date at item (i) of the Pre-Enforcement Revenue Priority of Payments, to the extent of the availability of funds for such purpose and in accordance with the Pre-Enforcement Revenue Priority of Payments. To the extent the funds standing to the credit of the Liquidity Reserve Ledger exceed the Liquidity Reserve Required Amount, such funds may be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

On or prior to the Senior Note Redemption Date, following the application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments, all amounts then standing to the credit of the Liquidity Reserve Ledger shall be available for Liquidity Reserve Drawings subject to the Liquidity Availability Conditions as outlined below. For the avoidance of doubt, following such application of the Liquidity Reserve on the Senior Note Redemption Date and following the Senior Note Redemption Date, the Liquidity Reserve Drawings will no longer be applicable.

On or prior to the Senior Note Redemption Date, the Cash Manager will, subject to the Liquidity Availability Conditions and to the extent applicable, following a determination made by it on the immediately preceding Calculation Date (for the avoidance of doubt following the application of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments) apply Liquidity Reserve Drawings in an amount equal to the lesser of (i) the balance standing on the Liquidity Reserve Ledger and (ii) the aggregate amount of any Revenue Deficits. On each Interest Payment Date falling on or prior to the Senior Note Redemption Date, the Cash Manager shall apply the Liquidity Reserve Drawings to cover Revenue Deficits in the order of priority in which the item corresponding to the relevant Revenue Deficit appears in the Pre-Enforcement Revenue Priority of Payments.

"Revenue Deficit" means, on or prior to the Final Redemption Date, the amount required on an Interest Payment Date to meet any deficit in Available Revenue Receipts available to pay amounts due (or that would be due but for any deferral provision relating thereto pursuant to Condition 18 (*Subordination by Deferral*)) in respect of any of items (a) to (f) and/or (h) and/or (k) and/or (m) of the Pre-Enforcement Revenue Priority of Payments determined in respect of such Interest Payment Date in accordance with the Liquidity Availability Conditions on such Interest Payment Date and the aggregate of such Revenue Deficits being **"Revenue Deficits"**.

The **"Liquidity Availability Conditions"** are that:

- (a) Principal Addition Amounts and Liquidity Reserve Drawings and amounts standing to the credit of the Liquidity Reserve Ledger shall be available at all times to provide for Revenue Deficits under items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments;
- (b) **provided that** the Class B Notes are the Most Senior Class of Notes, Principal Addition Amounts and Liquidity Reserve Drawings shall be available in relation to Revenue Deficits corresponding to item (h) of the Pre-Enforcement Revenue Priority of Payments at all times;
- (c) at all other times and in relation to item (h) of the Pre-Enforcement Revenue Priority of Payments only, amounts corresponding to the amount standing to the credit of the Liquidity Reserve Ledger and Principal Addition Amounts shall be available to provide for a Revenue Deficit should: (i) (in relation to amounts standing to the credit of the Liquidity Reserve Ledger) following application of Available Revenue Receipts on such date and (ii) (in relation to

Principal Addition Amounts only) following application of such amounts to meet the relevant Revenue Deficit, the debit entry on the Class B Principal Deficiency Sub-Ledger would be no greater than 10 per cent. of the Principal Amount Outstanding in respect of the Class B Notes as at the relevant date;

- (d) **provided that** the Class C Notes are the Most Senior Class of Notes, Principal Addition Amounts shall be available in relation to Revenue Deficits corresponding to item (k) of the Pre-Enforcement Revenue Priority of Payments at all times; and
- (e) **provided that** the Class D Notes are the Most Senior Class of Notes, Principal Addition Amounts shall be available in relation to Revenue Deficits corresponding to item (m) of the Pre-Enforcement Revenue Priority of Payments at all times.

On any Calculation Date, if the Cash Manager determines that following application of any amounts standing on the Liquidity Reserve Ledger to provide for any Revenue Deficits on the immediately following Interest Payment Date in the manner outlined above, the amount so applied would be insufficient to provide for such Revenue Deficit in full then, subject to the application of the Liquidity Availability Conditions, the Cash Manager shall in accordance with and pursuant to the Pre-Enforcement Redemption Priority of Payments, retain an amount of Available Redemption Receipts and apply the same in or toward satisfaction of such continuing Revenue Deficit ("**Principal Addition Amounts**").

On the Final Redemption Date all amounts standing to the credit of the Liquidity Reserve Ledger will be applied (after first having applied any Liquidity Reserve Drawings (subject to the application of the Liquidity Availability Conditions) and following the application of the Pre-Enforcement Revenue Priority of Payments) as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

The "**Liquidity Reserve Required Amount**" means (a) as on the Closing Date, 1.00 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes as at that date; (b) on any Interest Payment Date falling prior to the Senior Note Redemption Date, 1.00 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes as at that date; and (c) on any Interest Payment Date falling on or after the Senior Note Redemption Date, zero.

2. **Principal Deficiency Ledger**

The Principal Deficiency Ledger will be established on the Closing Date to record any Losses affecting the Mortgage Loans in the Mortgage Portfolio and/or any Principal Addition Amounts (determined in accordance with the Liquidity Availability Conditions). At or about the same time, the Cash Manager shall establish five Principal Deficiency Sub-Ledgers, being the Class A Principal Deficiency Sub-Ledger, Class B Principal Deficiency Sub-Ledger, Class C Principal Deficiency Sub-Ledger, Class D Principal Deficiency Sub-Ledger and Junior Principal Deficiency Sub-Ledger.

Any Losses on the Mortgage Portfolio and/or any Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (on the date that the Cash Manager is informed of such Losses by the Servicer or on the Calculation Date that such Principal Addition Amounts are determined by the Cash Manager (as applicable)) and shall be allocated to the relevant Principal Deficiency Sub-Ledger in the following order of priority:

- (a) *first*, to the Junior Principal Deficiency Sub-Ledger up to a maximum amount equal to the Junior PDL Notional Capacity;
- (b) *second*, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes;
- (c) *third*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes;
- (d) *fourth*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and
- (e) *fifth*, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes.

Investors should note that realised Losses in any period will be calculated after applying any recoveries from the sale of a property which is secured in respect of any Mortgage Loan following enforcement of such Mortgage Loan to outstanding fees and interest amounts due and payable on such relevant Mortgage Loan.

The Cash Manager will record as a credit PDL Cure Amounts expressed to be credited to the relevant Principal Deficiency Sub-Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments (in the case of Available Revenue Receipts).

"Junior PDL Notional Capacity" means on any Calculation Date the Accumulated Overcollateralisation.

"Accumulated Overcollateralisation" means on any Calculation Date an amount equal to the aggregate of Available Revenue Receipts applied as Available Redemption Receipts pursuant to item (s) of the Pre-Enforcement Revenue Priority of Payments in the period from the Optional Redemption Date to (and including) the Interest Payment Date immediately preceding such Calculation Date.

3. **Available Revenue Receipts and Available Redemption Receipts**

Prior to the service of an Enforcement Notice on the Issuer, Available Revenue Receipts and Available Redemption Receipts shall be applied on each Interest Payment Date (other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date) in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, respectively. It is not intended that any surplus will be accumulated in the Issuer other than: (a) amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer; (b) on or prior to the Final Redemption Date, amounts standing to the credit of the Liquidity Reserve Ledger; and (c) amounts standing to the credit of the Credit Reserve Ledger.

If, on any Interest Payment Date while there are Collateralised Rated Notes outstanding, the Available Revenue Receipts, Liquidity Reserve Drawings (to the extent applicable) and Principal Addition Amounts are insufficient to pay the interest that would otherwise be payable absent the deferral provisions in respect of the Notes other than in respect of the Class A Notes or, should they be the Most Senior Class of Notes, the Class B Notes, or, should they be the Most Senior Class of Notes, the Class C Notes, or, should they be the Most Senior Class of Notes, the Class D Notes, then the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default or Potential Event of Default until the Final Maturity Date. However, failure to pay interest on the Class A Notes or, should they be the Most Senior Class of Notes, the Class B Notes or, should they be the Most Senior Class of Notes, the Class C Notes, or, should they be the Most Senior Class of Notes, the Class D Notes within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

CASHFLOWS AND CASH MANAGEMENT

Pursuant to and in accordance with the terms of the Cash Management Agreement, on each Calculation Date prior to the service of an Enforcement Notice upon the Issuer, the Cash Manager shall calculate the amount of Available Revenue Receipts and Available Redemption Receipts available for application on the immediately following Interest Payment Date, together with (on or prior to the Final Redemption Date and without double counting) any amounts standing to the credit of the Liquidity Reserve Ledger and to be applied in relation to a Revenue Deficit on such Interest Payment Date.

On each Calculation Date, the Cash Manager shall perform its determinations in the following order:

- (a) *first*, the allocation of amounts determined to constitute Available Revenue Receipts shall be determined pursuant to the provisions of the Pre-Enforcement Revenue Priority of Payments;
- (b) *second*, the allocation of amounts standing to the credit of the Liquidity Reserve Ledger to be applied in relation to a Revenue Deficit;
- (c) *third*, the allocation of amounts determined to constitute Available Redemption Receipts shall be determined pursuant to the provisions of the Pre-Enforcement Redemption Priority of Payments; and
- (d) *fourth*, any additional amounts to be applied as Available Revenue Receipts in accordance with item (g) of the Pre-Enforcement Redemption Priority of Payments.

Definition of Revenue Receipts

"**Revenue Receipts**" means (without double counting) the aggregate of:

- (a) payments of interest and other fees due from time to time under the Mortgage Loans (including payments on arrears of interest, but excluding payments relating to capitalised expenses arising on or prior to the Cut-Off Date) and other amounts including the proceeds of enforcement of the Mortgage Loans to the extent such proceeds relate to fees and interest received by the Issuer in respect of the Mortgage Loans and their Related Security;
- (b) any Early Repayment Charges and other fees which are received in respect of any Mortgage Loan;
- (c) the proceeds of repurchase of a Mortgage Loan by the Seller from the Issuer (or in the case of the non-existence of a Mortgage Loan, the indemnity payment from the Seller to the Issuer) pursuant to the Mortgage Sale Agreement in excess of the Principal Outstanding Balance (or, where a Borrower has exercised a right of set-off or in the case of the non-existence of a Mortgage Loan, the Principal Outstanding Balance that it would have been prior to the exercise of such right of set-off, or had such Mortgage Loan have existed, as the case may be) but where, for the purposes of this provision Principal Outstanding Balance does not include amounts which have been capitalised subsequent to the Cut-Off Date;
- (d) any payment pursuant to any relevant Insurance Policy in respect of a Property or the Insurance Policy in connection with a Mortgage Loan in the Mortgage Portfolio (to the extent that the same are not applied towards the payment of any principal amount due under the Mortgage Loan);
- (e) any recoveries in respect of any Mortgage Loan relating to any Collection Period after the Collection Period in which a Loss is recognised in respect of such Mortgage Loan; and
- (f) any other amounts received in respect of a Mortgage Loan which are not classified as Redemption Receipts.

Definition of Available Revenue Receipts

"**Available Revenue Receipts**" means, in relation to each Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (a) Revenue Receipts and/or, if one or more of the Monthly Collection Periods falling in the immediately preceding Collection Period was a Determination Period, Calculated Revenue Receipts (in each case,

- excluding Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date) received by the Issuer corresponding to the immediately preceding Collection Period;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period;
 - (c) the amount (if any) standing to the credit of the Credit Reserve Ledger as at the last day of the immediately preceding Collection Period;
 - (d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with the Cash Management Agreement;
 - (e) amounts determined to be credited to the Issuer Account on the immediately preceding Interest Payment Date in accordance with item (q) of the Pre-Enforcement Revenue Priority of Payments;
 - (f) amounts determined to be applied as Available Revenue Receipts on the immediately succeeding Interest Payment Date in accordance with item (g) of the Pre-Enforcement Redemption Priority of Payments;
 - (g) any amounts received from a Swap Counterparty under a Swap Agreement (other than any amount standing to the credit of a Swap Collateral Account which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments));
 - (h) any amounts to be debited from the Liquidity Reserve Ledger over and above the Liquidity Reserve Required Amount;
 - (i) in respect of the First Interest Payment Date only, any Closing Revenue Reconciliation Amount paid by the Seller pursuant to the terms of the Mortgage Sale Agreement; and
 - (j) other net income of the Issuer corresponding to the immediately preceding Collection Period in accordance with the terms of the Transaction Documents (including with respect to any sale of Mortgage Loan and/or any indemnity payment made to the Issuer pursuant to the Mortgage Sale Agreement), excluding any Redemption Receipts,

less:

- (k) any Third Party Amounts paid from the Issuer Account to the persons entitled thereto and relating to the immediately preceding Collection Period.

"Calculated Redemption Receipts" means the product of (a) one *minus* the Interest Determination Ratio and (b) all collections received by the Issuer during a Determination Period.

"Calculated Revenue Receipts" means the product of (a) the Interest Determination Ratio and (b) all collections received by the Issuer during a Determination Period.

"Determination Period" means a period consisting of one or more consecutive Monthly Collection Periods in which the Cash Manager does not receive Servicer Reports that it is due to receive during such period.

"Interest Determination Ratio" means, on any Interest Payment Date, (a) the aggregate Revenue Receipts calculated in the three preceding Monthly Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three such previous Monthly Collection Periods, any such previous Monthly Collection Periods); divided by (b) the aggregate of all Revenue Receipts and all Redemption Receipts calculated in such Servicer Reports.

"Reconciliation Amount" means in respect of any Monthly Collection Period: (a) the actual Redemption Receipts as determined in accordance with the available Servicer Reports; *minus* (b) the Calculated Redemption Receipts in respect of such Monthly Collection Period; *plus* (c) any Reconciliation Amount (which for the avoidance of doubt may be a positive or negative number) not applied on any previous Interest Payment Date, **provided that** if the result of such calculation is a negative number, the Cash Manager shall deem an amount equal to the absolute amount of such negative Reconciliation Amount to constitute Available Revenue Receipts and if the result of such calculation is a positive number, the Cash Manager shall deem an amount equal to such Reconciliation Amount to constitute Available Redemption Receipts.

"Third Party Amounts" means the amounts applied from time to time during the immediately preceding Collection Period in accordance with the Servicing Agreement and Cash Management Agreement in making payment of certain monies which properly belong to third parties (including the Seller) and to the extent that such amounts are not provided for separately in the relevant Priority of Payments, such third party amounts, including (but not limited to):

- (a) certain costs and expenses charged by the Servicer in respect of its servicing of the Mortgage Loans in accordance with the Servicing Agreement, other than any Servicing Fee and not otherwise covered by the items below;
- (b) payments of certain insurance premiums in respect of the Insurance Policies (to the extent referable to the Mortgage Loans);
- (c) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited to the extent that such amount is of a revenue nature;
- (d) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower;
- (e) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger; and
- (f) without double counting, amounts required to: (i) remedy any overdraft in relation to the Global Collection Account (insofar as such overdraft is attributable to the Issuer's Share of the Global Collection Account Trust); (ii) pay any amounts due to the Global Collection Account Bank (where applicable, insofar as such amounts are attributable to the Issuer's Share of the Global Collection Account Trust or Collection Account Bank); or (iii) be retained in the Portfolio Transaction Accounts.

Application of Monies released from the Liquidity Reserve

Other than where the amount standing to the credit of the Liquidity Reserve Ledger exceeds the Liquidity Reserve Required Amount, amounts standing to the credit of the Liquidity Reserve Ledger will not be applied as Available Revenue Receipts. Rather, on each Interest Payment Date on or prior to the Senior Note Redemption Date and subject to the Liquidity Availability Conditions, amounts standing to the Liquidity Reserve Ledger shall be applied directly as Liquidity Reserve Drawings toward any Revenue Deficit determined by the Cash Manager on the immediately preceding Calculation Date (for the avoidance of doubt, after having applied Available Revenue Receipts pursuant to the provisions of the Pre-Enforcement Revenue Priority of Payments).

On or prior to the Senior Note Redemption Date, Liquidity Reserve Drawings shall be available in an amount equal to the lesser of (i) the balance standing on the Liquidity Reserve Ledger (for the avoidance of doubt, following application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments) and (ii) the amount required on such Interest Payment Date to meet any deficit in Available Revenue Receipts available to pay amounts due (or that would be due but for any deferral provision relating thereto pursuant to Condition 18 (*Subordination by Deferral*)) in respect of any Revenue Deficits in accordance with and subject to the Liquidity Availability Conditions on such Interest Payment Date.

On the Final Redemption Date all amounts standing (if any) to the credit of the Liquidity Reserve Ledger will be applied (after first having applied any Liquidity Reserve Drawings to meet any Revenue Deficit (subject to the application of the Liquidity Availability Conditions) and Available Revenue Receipts pursuant to the provisions of the Pre-Enforcement Revenue Priority of Payments) as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments. For the avoidance of doubt, following such application of the Liquidity Reserve on the Final Redemption Date and following the Final Redemption Date, Liquidity Reserve Drawings will no longer be applicable.

Following service of an Enforcement Notice, all amounts standing to the credit of the Liquidity Reserve Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer

The Cash Manager, on behalf of the Issuer, is required pursuant to the terms of the Cash Management Agreement to apply or provide for the application of Available Revenue Receipts (other than any amount standing to the

credit of a Swap Collateral Account which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments)) on each relevant Interest Payment Date prior to the service of an Enforcement Notice by the Note Trustee on the Issuer (other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date), and in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**" and, together with the Pre-Enforcement Redemption Priority of Payments and the Post-Enforcement Priority of Payments, the "**Priorities of Payments**" and each a "**Priority of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with any amounts in respect of VAT comprised therein as provided therein; and
 - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with any amounts in respect of VAT comprised therein as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof (in each case without double counting) of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, Liabilities, expenses and all other amounts then due to them under the provisions of the Agency Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities, expenses and all other amounts then due under the provisions of the Cash Management Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (iii) any amounts then due and payable to the Servicer and any fees, costs, charges, Liabilities, expenses and all other amounts then due under the provisions of the Servicing Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (iv) any amount then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, Liabilities, expenses and other amounts then due under the provisions of the Servicing Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Corporate Services Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (vi) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, Liabilities, expenses and all other amounts then due under the provisions of the Issuer Account Bank Agreement, together with any amounts in respect of VAT comprised therein as provided therein; and
 - (vii) (without double counting) any amounts then due and payable to the Global Collection Account Bank or Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Collection Account Bank Agreement insofar as any such amounts are attributable to the Issuer's Share of the Global Collection Account Trust and/or are attributable to the Issuer's Share of the Portfolio Transaction Accounts, together with any amounts in respect of VAT comprised therein as provided therein;

- (c) *third*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof (in each case without double counting) of:
- (i) any amounts then due and payable by the Issuer to third parties (the "**Third Party Expenses**") (if any) and any amounts in excess of amounts already credited to the Issuer Profit Ledger prior to such Interest Payment Date required to pay or discharge any liability of the Issuer for corporation tax; and
 - (ii) any Transfer Costs which the Servicer has failed to pay pursuant to the Servicing Agreement;
- (d) *fourth*, to pay the Issuer an amount equal to the Issuer Profit Amount;
- (e) *fifth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any amounts due and payable to the Swap Counterparties under the Swap Agreements other than any Swap Counterparty Subordinated Amounts which are due and payable under item (r) below;
- (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (g) *seventh*, for so long as the Class A Notes are outstanding, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (h) *eighth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
- (i) *ninth*, on or prior to the Final Redemption Date, to credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount;
- (j) *tenth*, for so long as the Class B Notes are outstanding, to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
- (l) *twelfth*, for so long as the Class C Notes are outstanding, to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class D Notes;
- (n) *fourteenth*, for so long as the Class D Notes are outstanding, to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (o) *fifteenth*, to credit the Credit Reserve Ledger up to the Credit Reserve Required Amount;
- (p) *sixteenth*, to credit the Junior Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Redemption Receipts);
- (q) *seventeenth*, on any Interest Payment Date falling within a Determination Period, all remaining amounts to be retained in the Issuer Account to be applied on the next Interest Payment Date as Available Revenue Receipts;
- (r) *eighteenth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any Swap Counterparty Subordinated Amounts, if any, due and payable to a Swap Counterparty in respect of any Swap Agreement;

- (s) *nineteenth*, on any Interest Payment Date occurring on or after the Optional Redemption Date (so long as any of the Collateralised Rated Notes remain outstanding), to apply all amounts as Available Redemption Receipts (the "**Enhanced Amortisation Amounts**"); and
- (t) *twentieth*, to pay, *pro rata* and *pari passu* all remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders.

As used in this Prospectus:

"**Appointee**" means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed or employed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

"**Final Discharge Date**" means the date on which the Security Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Obligations and/or all other monies and other liabilities due or owing by the Issuer have been paid or discharged in full.

"**Final Redemption Date**" means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date (or on any other date falling after such Calculation Date but prior to the relevant Interest Payment Date) that the sum of:

- (a) the Available Redemption Receipts (excluding paragraph (d) of the definition thereof); and
- (b) (for the avoidance of doubt following the application of the Pre-Enforcement Revenue Priority of Payments) (i) all amounts standing to the credit of the Credit Reserve Ledger; and (ii) all amounts (if any) standing to the credit of the Liquidity Reserve Ledger (after first, having applied any Liquidity Reserve Drawings to meet any Revenue Deficit on such Interest Payment Date (subject to the application of the Liquidity Availability Conditions)),

would be sufficient to redeem in full the Collateralised Rated Notes on the Interest Payment Date immediately succeeding the relevant Calculation Date and **provided that** such Interest Payment Date does not fall on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date (whereupon, for the avoidance of doubt, amounts standing to the Credit Reserve and the Liquidity Reserve shall be applied pursuant to the Post-Enforcement Priority of Payments together with other amounts expressed to be available to the Issuer to effect the redemption in full of the Notes).

"**Issuer Profit Amount**" means £4,200 on each of the first five Interest Payment Dates following the Closing Date, and £250 on each Interest Payment Date falling thereafter, which shall be credited to the Issuer Profit Amount Ledger for the Issuer to retain as a profit for entering into the transaction.

"**Transfer Costs**" means the Issuer's costs and expenses associated with the transfer of servicing to a replacement servicer.

Definition of Redemption Receipts

"**Redemption Receipts**" means (without double counting) the aggregate of:

- (a) principal repayments under the Mortgage Loans (including payments of amounts capitalised prior to the Cut-Off Date but excluding recoveries of arrears of principal where such arrears arose on or prior to the Cut-Off Date and amounts capitalised following the Cut-Off Date);
- (b) the proceeds of the repurchase of a Mortgage Loan by the Seller from the Issuer (or, in the case of the non-existence of a Mortgage Loan, the indemnity payment from the Seller to the Issuer) pursuant to the Mortgage Sale Agreement in an amount equal to the Principal Outstanding Balance in respect of such Mortgage Loan (or, where a Borrower has exercised a right of set-off or in the case of the non-existence of a Mortgage Loan, the Principal Outstanding Balance that it would have been prior to the exercise of such right of set-off, or had such Mortgage Loan existed, as the case may be), where for the purposes of this provision, Principal Outstanding Balance does not include amounts which have been capitalised subsequent to the Cut-Off Date;

- (c) recoveries of principal from defaulting Borrowers under Mortgage Loans (excluding on any arrears of principal arising on or prior to the Cut-Off Date and on amounts capitalised following the Cut-Off Date) upon enforcement and sale of the relevant property acting as security for such Mortgage Loan and following receipt of such associated funds or any amounts recovered from third parties to the extent that such proceeds or receipts constitute principal **provided that** any amounts recovered relating to any Collection Period following (but not including) the Collection Period in which a Loss has been recognised shall not be deemed to constitute Redemption Receipts and shall rather be applied as Revenue Receipts;
- (d) any payment pursuant to any Insurance Policy in respect of a Property or the Insurance Policy in connection with a Mortgage Loan in the Mortgage Portfolio (to the extent that such payments are of a principal nature); and
- (e) any other amounts received by the Issuer in respect of a Mortgage Loan which is of a principal nature.

Definition of Available Redemption Receipts

"**Available Redemption Receipts**" means for any Interest Payment Date an amount equal to the aggregate of (without double counting):

- (a) Redemption Receipts and/or, if one or more of the Monthly Collection Periods falling in the immediately preceding Collection Period was a Determination Period, any Calculated Redemption Receipts (in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date) received by the Issuer corresponding to the immediately preceding Collection Period;
- (b) any amounts of Available Revenue Receipts retained pursuant to items (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments and deemed to be Available Redemption Receipts ("**PDL Cure Amounts**");
- (c) any Enhanced Amortisation Amounts;
- (d) on the Final Redemption Date (for the avoidance of doubt following the application of the Pre-Enforcement Revenue Priority of Payments) the sum of: (i) all amounts standing to the credit of the Credit Reserve Ledger; and (ii) all amounts (if any) standing to the credit of the Liquidity Reserve Ledger (after first having applied any Liquidity Reserve Drawings to meet any Revenue Deficit on the Final Redemption Date (subject to the application of the Liquidity Availability Conditions));
- (e) in respect of the First Interest Payment Date only, any Closing Redemption Reconciliation Amount paid by the Seller pursuant to the terms of the Mortgage Sale Agreement;
- (f) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with the Cash Management Agreement; and
- (g) in respect of the First Interest Payment Date only, the difference (expressed as a positive number) between the Principal Amount Outstanding of the Collateralised Rated Notes as at the Closing Date and the cumulative Principal Outstanding Balance of each Mortgage Loan in the Mortgage Portfolio as at the Cut-Off Date,

less:

- (h) amounts under a Direct Debit which were transferred to the Issuer Account but thereafter are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited to the extent that such amount is of a principal nature.

Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer

On each relevant Interest Payment Date prior to the service of an Enforcement Notice on the Issuer (other than an Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date), and in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority

have been made in full), the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Redemption Receipts in the following order of priority (the "**Pre-Enforcement Redemption Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, any Principal Addition Amounts (subject to the application of the Liquidity Availability Conditions) to be applied towards the reduction of any Revenue Deficit;
- (b) *second*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (d) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (f) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero; and
- (g) *seventh*, any excess amounts to be applied as Available Revenue Receipts.

Distributions following the service of an Enforcement Notice on the Issuer

(I) On any day after an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security and (II) on the Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date or the Risk Retention Regulatory Change Option Date or the Redemption Event Purchase Completion Date, the Security Trustee (or the Cash Manager on its behalf) will apply all amounts expressed to be available to be applied on such date other than any amount standing to the credit of the Swap Collateral Accounts which will be applied in accordance with the Swap Collateral Account Priority of Payments (other than any amount to be applied as Swap Collateral Account Surplus in accordance with the Swap Collateral Account Priority of Payments) in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Note Trustee, Receiver and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with any amounts in respect of VAT comprised therein as provided therein;
 - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Security Trustee under the provisions of the Deed of Charge and the other Transaction Documents, together with any amounts in respect of VAT comprised therein as provided therein; and
 - (iii) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to any Receiver and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents, together with any amounts in respect of VAT comprised therein as provided therein;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agents and any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable

- to them under the provisions of the Agency Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
- (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, Liabilities, expenses and all other amounts then due under the provisions of the Cash Management Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (iii) any amounts then due and payable to the Servicer and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Servicing Agreement, together with any amounts in respect of VAT comprised therein as provided therein;
 - (iv) any amounts then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, Liabilities and expenses then due and payable to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement together with any amounts in respect of VAT comprised therein as provided therein;
 - (v) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with any amounts in respect of VAT comprised therein as provided therein;
 - (vi) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Issuer Account Bank under the provisions of the Issuer Account Bank Agreement, together with any amounts in respect of VAT comprised therein as provided therein; and
 - (vii) (without double counting) any amounts then due and payable to the Global Collection Account Bank or Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due under the provisions of the Collection Account Bank Agreement insofar as any such amounts are attributable to the Issuer's Share of the Global Collection Account Trust and/or are attributable to the Portfolio Transaction Accounts, together with any amounts in respect of VAT comprised therein as provided therein;
- (c) *third*, in or towards satisfaction of any Transfer Costs which the Servicer has failed to pay pursuant to the Servicing Agreement;
 - (d) *fourth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any amounts due and payable to the Swap Counterparties under the Swap Agreements other than any Swap Counterparty Subordinated Amounts which are due and payable under item (m) below;
 - (e) *fifth*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class A Notes;
 - (f) *sixth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amount thereof, principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
 - (g) *seventh*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class B Notes;
 - (h) *eighth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
 - (i) *ninth*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class C Notes;
 - (j) *tenth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
 - (k) *eleventh*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class D Notes;
 - (l) *twelfth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;

- (m) *thirteenth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any Swap Counterparty Subordinated Amounts, if any, due and payable to a Swap Counterparty in respect of any Swap Agreement;
- (n) *fourteenth*, in or towards repayment, *pro rata* and *pari passu*, of principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero; and
- (o) *fifteenth*, without double counting, to pay any Third Party Expenses (if any) and any amounts in excess of amounts already credited to the Issuer Profit Ledger prior to such Interest Payment Date required to discharge any liability of the Issuer for corporation tax;
- (p) *sixteenth*, to pay the Issuer Profit Amount; and
- (q) *seventeenth*, *pro rata* and *pari passu* all remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders.

Swap Collateral

In the event that any Swap Collateral is received by the Issuer from a Swap Counterparty, the Cash Manager will credit such amounts representing that Swap Collateral, including any interest thereon or distributions in respect thereof to the relevant Swap Collateral Accounts. The relevant Swap Collateral Account will be debited by the relevant amount in the event that Swap Collateral is returned to that Swap Counterparty or is applied (or is realised and applied) towards satisfaction of obligations of that Swap Counterparty, in each case in accordance with the relevant Swap Agreement. In the event that such Swap Collateral is applied towards satisfaction of obligations of such Swap Counterparty and is not to be applied by the Issuer in the purchase of one or more replacement hedging transactions, such amount shall be credited to the Revenue Receipts Ledger for application in accordance with the Pre-Enforcement Revenue Priority of Payments (in each case subject to the Swap Collateral Account Priority of Payments).

In addition, upon any early termination of a Swap Agreement (a) any Replacement Swap Premium received by the Issuer from a replacement swap provider, (b) any termination payment (as calculated in accordance with the Swap Agreement) received by the Issuer from the outgoing Swap Counterparty and (c) any Swap Tax Credits will be credited to the relevant Swap Collateral Account.

Amounts and securities standing to the credit of a Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) will not be available for the Issuer or the Security Trustee to make payments to the Secured Creditors generally, but may be applied by the Cash Manager only in accordance with the following provisions in accordance with the instructions of the relevant Swap Counterparty or the Servicer (the "**Swap Collateral Account Priority of Payments**"):

- (a) to pay an amount equal to any Swap Tax Credits received by the Issuer to the relevant Swap Counterparty;
- (b) prior to the designation of an Early Termination Date (as defined in the relevant Swap Agreement, the "**Early Termination Date**") in respect of the relevant Swap Agreement, solely in or towards payment or discharge of any Return Amounts (as defined in the credit support annex relating to that Swap Agreement), Interest Amounts and Distributions (as defined in the credit support annex relating to that Swap Agreement), on any day, directly to the relevant Swap Counterparty;
- (c) following the designation of an Early Termination Date in respect of a Swap Agreement where (A) such Early Termination Date has been designated following a Swap Counterparty Default or Swap Counterparty Downgrade Event and (B) the Issuer enters into a Replacement Swap Agreement in respect of that Swap Agreement on or around the Early Termination Date of that Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (as calculated in accordance with the relevant Swap Agreement) (if any) payable to the Issuer

has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:

- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated;
 - (ii) *second*, in or towards payment of any termination payment (as calculated in accordance with the relevant Swap Agreement) due to the outgoing Swap Counterparty; and
 - (iii) *third*, the surplus (if any) on such day to be transferred to the Issuer Account to be applied as Available Revenue Receipts;
- (d) following the designation of an Early Termination Date in respect of a Swap Agreement where (A) such Early Termination Date has been designated otherwise than as a result of one of the events specified at item (c)(A) above and (B) the Issuer enters into a Replacement Swap Agreement in respect of the relevant Swap Agreement on or around the Early Termination Date of that Swap Agreement, on the later of the day on which such Replacement Swap Agreement is entered into, the day on which a termination payment (as calculated in accordance with that Swap Agreement) (if any) payable to the Issuer has been received and the day on which a Replacement Swap Premium (if any) payable to the Issuer has been received, in the following order of priority:
- (i) *first*, in or towards payment of any termination payment (as calculated in accordance with the relevant Swap Agreement) due to the outgoing Swap Counterparty;
 - (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the Swap Agreement being terminated; and
 - (iii) *third*, any surplus on such day to be transferred to the Issuer Account to be applied as Available Revenue Receipts;
- (e) following the designation of an Early Termination Date in respect of a Swap Agreement for any reason where the Issuer does not enter into a Replacement Swap Agreement in respect of that Swap Agreement on or around the Early Termination Date of that Swap Agreement and, on the date on which the relevant payment is due, in or towards payment of any termination payment (as calculated in accordance with that Swap Agreement) due to the outgoing Swap Counterparty; and
- (f) following payments of amounts due pursuant to item (e) above, if amounts remain standing to the credit of a Swap Collateral Account, such amounts may be applied only in accordance with the following provisions:
- (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a Replacement Swap Agreement with the Issuer with respect to the relevant Swap Agreement; and
 - (ii) *second*, any surplus remaining after payment of such Replacement Swap Premium to be transferred to the Issuer Account to be applied as Available Revenue Receipts,

provided that for so long as the Issuer does not enter into a Replacement Swap Agreement with respect to a Swap Agreement on or prior to the earlier of:

- (A) the Calculation Date immediately before the Interest Payment Date on which the Principal Amount Outstanding of all Collateralised Rated Notes would be reduced to zero (taking into account any Swap Collateral Account Surplus to be applied as Available Revenue Receipts on such Interest Payment Date);
- (B) the day on which an Enforcement Notice is given pursuant to Condition 11 (*Events of Default*); and

- (C) the date on which the Principal Outstanding Balance of the Fixed Rate Mortgage Loans is reduced to zero,

then the amount standing to the credit of such Swap Collateral Account on such day shall be transferred to the Issuer Account to be applied as Available Revenue Receipts as soon as reasonably practicable thereafter.

The Swap Collateral Accounts will be opened in the name of the Issuer and will be held at a financial institution which satisfies the Account Bank Minimum Ratings. Each Swap Collateral Account will be established and maintained in respect of each Swap Agreement. As security for the payment of all monies payable in respect of the Notes and the other Secured Obligations, the Issuer will grant a first fixed charge over the Issuer's interest in each Swap Collateral Account and the debts represented thereby (which may, however, take effect as a floating charge and therefore rank behind the claims of any preferential creditors of the Issuer).

"Interest Period Swap Counterparty Amount" means the amount produced by applying Compounded Daily SONIA to the notional amount (as defined below) of the relevant Swap Transaction for the relevant Swap Calculation Period and multiplying the resulting amount by the Day Count Fraction (as defined below).

"Replacement Swap Agreement" means an agreement between the Issuer and a replacement swap provider to replace a Swap Transaction.

"Replacement Swap Premium" means an amount received by the Issuer from a replacement swap provider or an amount paid by the Issuer to a replacement swap provider upon entry by the Issuer into a Replacement Swap Agreement.

"Swap Calculation Period" means, in respect of a Swap Agreement and a Swap Transaction, each Calculation Period (as defined in that Swap Agreement) under that Swap Transaction.

"Swap Collateral Account Surplus" means the amounts applied as Available Revenue Receipts pursuant to the Swap Collateral Account Priority of Payments.

"Swap Counterparty Default" means the occurrence of an Event of Default (as defined in each Swap Agreement) where the relevant Swap Counterparty is the defaulting party (as defined in the relevant Swap Agreement).

"Swap Counterparty Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following the failure by a Swap Counterparty to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement.

"Swap Payment Date" means the 15th day of February, May, August and November in each year commencing on 15 May 2024 and ending on the termination date of the relevant Swap Transaction, in each case subject to adjustment in accordance with the following business day convention as set out in the relevant Swap Agreement.

SWAP ARRANGEMENTS

Interest rate basis hedging arrangements

Immediately prior to the Closing Date, the beneficial title to the Mortgage Loans and their Related Security are held by the Warehouse Issuers, which entered into a number of hedging transactions with NAB and NATIXIS (each a "**Warehouse Swap Counterparty**") and together the "**Warehouse Swap Counterparties**") to hedge any Fixed Rate Mortgages which are acquired by it from time to time pursuant to the terms of the warehouse transaction documents (the "**Warehouse Hedging Transactions**"). Certain of the Warehouse Hedging Transactions in respect of the Mortgage Portfolio will be novated to the Issuer on or about the Closing Date.

The notional amount under each Swap Transaction is determined by reference to a fixed amortisation schedule. The amortisation schedule will be based on the expected repayment profile of the Fixed Rate Mortgage Loans assuming a 2 per cent. constant prepayment rate.

If the actual rate of repayment of the Fixed Rate Mortgage Loans is faster or slower than anticipated, this may lead to the aggregate notional amount of the Swap Transactions to be, respectively, greater than or less than the outstanding amount of the Fixed Rate Mortgage Loans. In such circumstances, there would be a mismatch between the aggregate notional amount of the Swap Transactions and the outstanding principal balance of the Fixed Rate Mortgage Loans.

Under each Swap Transaction, in respect of each Interest Payment Date, the following amounts will be calculated:

- (a) the product of (i) a rate equal to Compounded Daily SONIA for the relevant Interest Period, (ii) the applicable notional amount for that Swap Transaction; and (iii) the applicable day count fraction in respect of that Swap Transaction (the "**Interest Period Swap Counterparty Amount**"); and
- (b) the product of (i) the fixed rate specified in respect of that Swap Transaction, (ii) the applicable notional amount for that Swap Transaction and (iii) the applicable day count fraction in respect of that Swap Transaction (the "**Interest Period Issuer Amount**").

If the Interest Period Swap Counterparty Amount for the relevant Interest Payment Date is greater than the Interest Period Issuer Amount for that Interest Payment Date, the relevant Swap Counterparty will pay the positive difference to the Issuer. If the Interest Period Issuer Amount is greater than the Interest Period Swap Counterparty Amount for that Interest Payment Date, the Issuer will pay the positive difference to the relevant Swap Counterparty. If the Interest Period Swap Counterparty Amount and the Interest Period Issuer Amount for in respect of any Interest Payment Date are the same, neither the Issuer nor the relevant Swap Counterparty will make a payment to the other in respect of that Interest Payment Date.

If the Issuer is required to make a payment to a Swap Counterparty, such payment will be made from Available Revenue Receipts on the relevant Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

If a Swap Counterparty is required to make a payment to the Issuer, such amount will be added to and will form part of the Available Revenue Receipts and will be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Ratings of Swap Counterparties and transfer of Swap Agreements

Under the terms of the Swap Agreements, in the event that the relevant ratings of a Swap Counterparty, or its respective guarantor, as applicable, is or are, as applicable, downgraded by a Rating Agency below the relevant ratings specified (in accordance with the criteria of S&P and Moody's) in the relevant Swap Agreement and (in some cases) as a result of such downgrade, the then current ratings of the class of Notes relating to that Swap Agreement, would or may, as applicable, be adversely affected, the relevant Swap Counterparty will, in accordance with that Swap Agreement, be required to take certain remedial measures which may include: (i) providing collateral for its obligations under that Swap Agreement; (ii) arranging for its obligations under that Swap Agreement to be transferred to an entity with ratings required by the relevant Rating Agency as specified in that Swap Agreement (in accordance with the criteria of S&P and Moody's); (iii) procuring another entity, with ratings required by the relevant Rating Agency as specified in that Swap Agreement (in accordance with the criteria of S&P and Moody's), to become co-obligor or guarantor in respect of its obligations under that Swap Agreement; or (iv) taking such other action as it may agree with the relevant Rating Agency. If, at any time, the

rating of a Swap Counterparty falls below a rating level specified in the relevant Swap Agreement, the remedial measures available to that Swap Counterparty may be more limited. If a Swap Counterparty fails to take one of the actions described above within the specified period referred to in the relevant Swap Agreement, then the Issuer will be entitled to terminate that Swap Agreement.

Where a Swap Counterparty provides collateral in accordance with the terms of the relevant Swap Agreement, such collateral ("**Swap Collateral**") will, upon receipt by the Issuer, be credited to a Swap Collateral Account (each a "**Swap Collateral Account**") in the name of the Issuer provided by (other than in the case of Swap Collateral comprising securities) the Issuer Account Bank pursuant to the Issuer Account Bank Agreement or in swap collateral investments in the name of the Issuer. Where a Swap Counterparty provides Swap Collateral comprising securities, a swap collateral custody account will be established by the Issuer with a suitably rated counterparty in their capacity as swap collateral custodian (a "**Swap Collateral Custodian**"), pursuant to an agreement entered into at such time between, *inter alios*, the Swap Collateral Custodian and the Issuer, which governs the operation of the relevant swap collateral custody account. Any Swap Collateral provided by a Swap Counterparty will not form part of the amounts to be applied under the Priorities of Payments except to the extent that such Swap Collateral is applied in or towards satisfaction of amounts due (as calculated in accordance with the relevant Swap Agreement) by that Swap Counterparty to the Issuer in accordance with the terms under which such Swap Collateral was provided and only to the extent that such Swap Collateral is not to be applied by the Issuer in the purchase of one or more replacement hedging transactions, as to which see "*Cashflows and Cash Management – Swap Collateral*".

The Swap Counterparties may each, at their own expense and in accordance with the terms of the relevant Swap Agreement, transfer their obligations in respect of the relevant Swap Agreement to another entity.

Termination payments upon early termination of hedging arrangements

Termination of a Swap Transaction may occur independently of an Event of Default under the Notes.

A Swap Transaction may be terminated in certain circumstances, including, but not limited to, the following, each as more specifically defined in the relevant Swap Agreement:

- (a) if there is a **failure** by a party to pay amounts due under that Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;
- (c) if a breach of a provision of a Swap Agreement by the relevant Swap Counterparty is not remedied within the applicable grace period;
- (d) if there is a change in tax law, which has the effect that a party to that Swap Agreement will, or there is a substantial risk that it will, be required to make any withholding in respect of any payments to the other party;
- (e) if a change of law results in the obligations of one of the parties becoming illegal;
- (f) if a Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in that Swap Agreement;
- (g) if an Enforcement Notice is served on the Issuer, pursuant to Condition 11.1 (*Notes*) of the Notes;
- (h) if any provision of the Transaction Documents (or any other document or instrument to which, as at the date of the relevant Swap Agreement, the Issuer is a party and which is connected to the transactions contemplated by the Transaction Documents) is amended without the prior and express written consent of the relevant Swap Counterparty and, in the reasonable opinion of that Swap Counterparty, such amendment: (x) has the effect that immediately thereafter that such Swap Counterparty would potentially be required to pay more or receive less if it transferred the relevant Swap Transaction to another person than it would have paid or received prior to such amendment; (y) has the effect that the Issuer's obligations to that Swap Counterparty under the relevant Swap Agreement are further contractually subordinated to the Issuer's obligations to any other of its creditors compared with the position that subsisted immediately prior to such amendment; or (z) affects the amount, timing or priority of any payments or deliveries due from that Swap Counterparty to the Issuer or from the Issuer to that Swap

Counterparty (including any amounts, rights and obligations in relation to the relevant Swap Collateral Account); or

- (i) if an irrevocable notice is given by or on behalf of the Issuer that redemption of all the Notes will occur pursuant to Condition 8.3 (*Mandatory Redemption of the Notes in full on or after the Optional Redemption Date*), Condition 8.4 (*Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option*) or Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*).

Any termination of a Swap Transaction (whether in full or in part) may give rise to a termination payment due either to or from the Issuer. Any such payment due from the Issuer to a Swap Counterparty will rank in order of priority as described in the section entitled "*Cashflows and Cash Management*" and for the purposes of the relevant priority of payments "**Swap Counterparty Subordinated Amounts**" means in relation to a Swap Agreement the amount, if any, due to the relevant Swap Counterparty on that Interest Payment Date pursuant to Section 6(e) of each Swap Agreement in connection with a termination of the relevant Swap Agreement (after application of netting against any Swap Collateral previously posted by the relevant Swap Counterparty) where such termination has arisen as a result of an Event of Default under that Swap Agreement where a Swap Counterparty is the Defaulting Party or as a result of an Additional Termination Event under a Swap Agreement which results from a downgrade by one or more Rating Agencies of the relevant Swap Counterparty and the failure by that Swap Counterparty to take one or more of the actions specified in the relevant Swap Agreement (and for these purposes Event of Default, Defaulting Party and such Additional Termination Events have the meanings indicated in the relevant Swap Agreement).

Where the Issuer enters into a further swap agreement(s) to replace all or part of any Swap Transaction which terminates early, the Issuer shall upon receipt apply the amount, if any, received in consideration for entry into a Replacement Swap Agreement in or towards payment of any termination payment then payable by the Issuer to the relevant Swap Counterparty in respect of that Swap Transaction which has terminated early and the remainder of that amount, if any, shall be credited to the Revenue Receipts Ledger.

Withholding under Swap Agreements

If a Swap Counterparty or the Issuer is required to make any deduction or withholding, for or on account of any present or future tax, levy, impost, duty charge, assessment or fee that is imposed by any government or taxing authority from any amounts payable by it under a Swap Agreement on any Interest Payment Date, then under the terms of that Swap Agreement as the case may be: (i) the relevant Swap Counterparty will be obliged to pay additional amounts ("**Additional Amounts**") to ensure that the Issuer receives the full amount it would otherwise have received from that Swap Counterparty; or (ii) the Issuer shall make such payment after such withholding or deduction has been made (such withholding or deduction, a "**Withheld Amount**") and shall not be obliged to make any additional payments to that Swap Counterparty (as applicable) in respect of such withholding or deduction.

Application of Excess Swap Collateral and Replacement Swap Premium

Any amount attributable to the return of collateral to a Swap Counterparty and any Replacement Swap Premium applied by the Issuer in making any swap termination payment due from the Issuer to a Swap Counterparty will be paid directly to that Swap Counterparty in accordance with the Swap Collateral Account Priority of Payments. Any swap termination payment applied by the Issuer in the purchase of one or more replacement hedging transactions shall be applied directly to such purchase and shall be paid in accordance with the Swap Collateral Account Priority of Payments.

If the Issuer receives any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to the deduction or withholding that gave rise to the payment by a Swap Counterparty of an Additional Amount, then an amount equal to the net cash received by the Issuer in respect of such tax credit, allowance, set-off or repayment (a "**Swap Tax Credit**") shall be paid directly to that Swap Counterparty in accordance with the Swap Collateral Account Priority of Payments.

Swap Agreement Credit Support Documents

Each Swap Counterparty will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Issuer (an "**Approved Credit Support Document**") in support of its obligations under each Swap Agreement.

Pursuant to the terms of each Approved Credit Support Document, if at any time a Swap Counterparty is required to provide collateral in respect of any of its obligations under the relevant Swap Agreement, the Approved Credit Support Document will provide that, from time to time and subject to the conditions specified in the Approved Credit Support Document and the relevant Swap Agreement, that Swap Counterparty will make transfers of cash and/or securities by way of collateral to the Issuer in support of its obligations under that Swap Agreement and the Issuer will be obliged to return such collateral when required in accordance with the terms of the Approved Credit Support Document.

Any amount attributable to the return of collateral to a Swap Counterparty and any Replacement Swap Premium applied by the Issuer in making the swap termination payment due from the Issuer to a Swap Counterparty will be paid directly to that Swap Counterparty and not in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (see also "*Cashflows and Cash Management*").

INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulation of buy-to-let mortgage loans

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be:

- (a) unregulated;
- (b) regulated by the CCA as a regulated credit agreement – as defined by article 60B of the Regulated Activities Order ("**Regulated Credit Agreement**");
- (c) regulated by the FSMA as a Regulated Mortgage Contract – as defined by article 61 of the Regulated Activities Order ("**Regulated Mortgage Contract**"); or
- (d) regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime – as defined in the Mortgage Credit Directive Order 2015 (a "**Consumer Buy-to-Let Mortgage Loan**").

The Portfolio comprises Mortgage Loans that the Seller believes are unregulated and as described below, the Seller has given a warranty in the Mortgage Sale Agreement that no agreement for any Mortgage Loan is in whole or in part a regulated agreement or regulated credit agreement (as defined in Section 8 of the CCA and Chapter 14A of Part 2 of the Regulated Activities Order, respectively), and a further warranty that no Mortgage Loan is or has ever been a Regulated Mortgage Contract as defined by Article 61(3)(a) of the Regulated Activities Order. If any of the Mortgage Loans are in fact Regulated Mortgage Contracts or regulated by the CCA, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Mortgage Loans, interest payable under the Mortgage Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Mortgage Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

Unregulated buy-to-let mortgage loans

Many buy-to-let mortgage loans will be unregulated because they do not meet the criteria for a Regulated Credit Agreement, Regulated Mortgage Contract or a Consumer Buy-to-Let Mortgage Loan. There are, however, still some regulated activities that apply to unregulated buy-to-let mortgage loans; the relevant activities in respect of the Mortgage Loans being, debt administration and debt collection. The Seller (because, and whilst, it holds legal title to the Mortgage Loans and their Related Security) and Issuer (because, and whilst, it holds beneficial title to the Loans and their Related Security) will be excluded as lender from the regulated activities of debt administration and debt collection in respect of any unregulated loan, Consumer Buy-to-Let Mortgage Loan or Regulated Credit Agreements.

Consumer buy-to-let loans

The national framework for buy-to-let lending to consumers called 'Consumer buy-to-let' ("**CBTL**") was implemented on 21 March 2016 and is only applicable to consumer borrowers, the majority of buy-to-let lending in the UK being to non-consumers.

The legislative framework is set out in the Mortgage Credit Directive Order 2015 (the "**MCD Order**"). The MCD Order defines a CBTL mortgage contract as: "a buy-to-let mortgage contract which is not entered into by the borrower wholly or predominantly for the purposes of business carried on, or intended to be carried on, by the borrower". It provides that a firm that advises on, arranges, lends or administers CBTL mortgages must be registered to do so. The Servicer is registered as a consumer buy-to-let lender and as a consumer buy-to-let administrator.

The MCD Order sets out a number of conduct standards for firms carrying on CBTL business which cover, inter alia, requirements for pre-contractual illustrations, adequate explanations and arrears and repossessions. The FCA has amended the FCA Handbook to reflect its supervisory and enforcement powers in respect of such conduct standards. The exercise of supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payment in full on the Notes when due, particularly if the FCA orders remedial action in respect of past conduct.

Unfair Relationships

Under the CCA, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA and regulated home purchase plans under the FSMA. If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the Seller as legal title holder, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct (or the conduct of anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and as of 1 April 2013, the FCA on that principle and former guidance by the Office of Fair Trading ("**OFT**") on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon Personal Finance Limited [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. If a mortgage loan subject to the unfair relationship test is found to be unfair, the court has a wide range of powers and may require the lender (and any associate or former associate of the lender) to repay sums to the debtor, or to do, not do or cease doing anything in relation to the agreement or any related agreement, and may require the lender to reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by them for the purposes of a security, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor (i.e. lender) as defined under section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the Mortgage Loans and ordered that financial redress was made in respect of such Mortgage Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans, and the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments in full under the Notes.

Financial Services (Distance Marketing) Regulations 2004

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 (the "**Distance Marketing Regulations**") apply to, *inter alia*, contracts for financial services entered into on or after 31 October 2004 by a "consumer" within the meaning of the Distance Marketing Regulations and by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the Borrower). The Distance Marketing Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of financial services and question and includes, but is not limited to, general information in respect of the supplier and the financial service, the contractual terms and conditions, and whether or not there is a right of cancellation.

Certain other agreements for financial services (including Consumer Buy-to-Let Mortgage Loans) will be cancellable under the Distance Marketing Regulations in certain circumstances. Where the credit agreement is cancellable under the Distance Marketing Regulations, the borrower may send notice of cancellation at any time before the expiry of 14 days beginning with (i) the day after the day on which the contract is made (where all of the prescribed information has been provided prior to the contract being entered into); or (ii) the day after the day on which the last of the prescribed information is provided (where all the of prescribed information was not provided prior to the contract being entered into).

Compliance with the Distance Marketing Regulations may be secured by way of injunction (interdict in Scotland) obtained by an enforcement authority, granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the Distance Marketing Regulations may render the originator or intermediaries (and their

respective relevant officers) liable to a fine. If the borrower cancels the contract under the Distance Marketing Regulations, then:

- (a) the borrower is liable to repay the principal and any other sums paid by or on behalf of the originator to the borrower under or in relation to the contract, within 30 calendar days of cancellation beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charges for services actually provided in accordance with the contract, only if: (i) the amount is in proportion to the extent of the service provided before cancellation (in comparison with the full coverage of the contract) and is not such that it could be construed as a penalty; (ii) the borrower received certain prescribed information at the prescribed time about the amounts payable and (iii) the originator did not commence performance of the contract before the expiry of the relevant cancellation period (unless requested to do so by the borrower); and
- (c) any security provided in relation to the contract is to be treated as never having had effect.

If a significant portion of the Mortgage Loans are characterised as being cancellable under the Distance Marketing Regulations, then there is a risk that there could be an adverse effect on the Issuer's receipts in respect of the Mortgage Loans, affecting the Issuer's ability to make payments in full on the Notes and Residual Certificates when due.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and Consumer Rights Act 2015

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (insofar as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the "**UTCCR**"), apply to agreements made on or after 1 July 1995 and before 1 October 2015. In respect of relevant contracts that (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the Consumer Rights Act 2015 (the "**CRA**"), the CRA applies. The CRA is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts.

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (see "*Consumer Rights Act 2015*" below) applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The UTCCR and the CRA provide that a consumer (which would include a borrower under a Consumer Buy-to-Let Mortgage Loan) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA (as applicable) and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term), and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing Early Repayment Charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland). Any such non-recovery, claim or set-off may adversely affect the Issuer's ability to make payments on the Notes.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The extremely broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans.

The guidance issued by the FSA (and, as of 1 April 2013, the FCA), the OFT and the Competition and Markets Authority (the "CMA") has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the UTCCR and CRA, or reform of the UTCCR and the CRA, will not have a material adverse effect on the Seller, the Servicer and the Issuer and their respective businesses and operations.

Consumer Rights Act 2015

The CRA significantly reformed and consolidated consumer law in the UK. When the unfair contract terms regime of the CRA came into force, it revoked the UTCCR and introduced a new regime for dealing with unfair contractual terms. The CRA applies to any consumer contract entered into on or after 1 October 2015. However, the UTCCR (which essentially deals with attempts to limit liability for breach of contract) will continue to apply to the contracts that were entered into before 1 October 2015.

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 of Schedule 2 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract" although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded as unfair.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible to multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

Ultimately, only a court can decide whether a term is fair, however it may take into account relevant guidance published by the CMA or the FCA.

On 19 December 2018, the FCA published new guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows developments in case law, including at the Court of Justice of the European Union (the "CJEU"). The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representatives in relation to any consumer contracts which contain variation terms.

The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its formal powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the "**CMA Guidance**"). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR" (save in applying the consumer notices and negotiated terms). The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs".

In general, the interpretation of the UTCCR and/or the CRA is open to some doubt, particularly in the light of the UK's withdrawal from the European Union against the background of the sometimes conflicting reported case law between the English courts and the CJEU. Under s.6 of the EUWA the courts of the UK are required to consider pre-UK-withdrawal CJEU case law when interpreting EU-derived legislation, however, the Supreme Court (and certain other specified courts) may depart from said CJEU case law, thus, causing further uncertainty in future interpretation.

The broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Mortgage Loans entered into on or after 1 October 2015 is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes.

The guidance issued by the FSA (and as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the CRA, or reform of the CRA, will not have a material adverse effect on the Seller, the Servicer and the Issuer and their respective businesses and operations.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**"), an independent adjudicator is required to make decisions on (among other things) complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account (among other things) law and guidance rather than making determinations strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. The Ombudsman may order a money award to a debtor, which may adversely affect the ability of the Issuer to meet its obligations under the Notes.

The Seller may not be aware that a complaint has been made to the Ombudsman until it is notified of such complaint. Further, the Mortgage Loans may from time to time be the subject of a complaint where the basis of such complaint does not pertain to the validity or enforceability of such Mortgage Loan and does not affect the ability of the Seller to collect payments due in respect of such Mortgage Loan. However, as the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

Consumer Protection from Unfair Trading Regulations 2008

The Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**") came into force on 26 May 2008 and prohibits certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR, does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment.

Under the terms of the CPUTR, the possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and amended the CPUTR. In certain circumstances, these amendments to the CPUTR give consumers a right to

redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

The Digital Markets, Competition and Consumers Bill is not yet in force and would if passed revoke the CPUTR and recreate their effect, with minor amendments, prohibiting unfair commercial practices in business to consumer relationships. Broadly, this would comprise misleading actions, omissions or aggressive practices relating to the marketing and sale of products to consumers. The Bill would largely replicate the list of specified banned practices contained in the CPUTR and would create a power to make regulations that could add to it.

Repossessions Policy

The Mortgage Repossessions (Protection of Tenants etc) Act 2010 (the "**Repossession Act 2010**") came into force in England and Wales on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be the Seller or, in the event of it taking legal title to the Scottish Mortgage Loans and their Related Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements.

A protocol for mortgage possession claims in England and Wales came into force on 19 November 2008 and was replaced with an updated protocol for mortgage possession claims which came into force on 6 April 2015 (the "**Pre-Action Protocol**"). The Pre-Action Protocol sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium Mortgage Repossessions (Protection of Tenants) is subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, under the protocol the lender must consider whether to postpone the start of a possession claim where the borrower has made a genuine complaint to the FOS under the FSMA about the potential possession claim.

The Pre-Action Protocol and these Acts and the MCOB requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of repossession claims.

FCA response to the cost of living crisis

On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance**") which was issued to address exceptional circumstances arising out of coronavirus, is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment.

The Mortgages Tailored Support Guidance emphasises the MCOB requirement that a lender must not repossess a property unless all other reasonable attempts to resolve the position have failed. It further states that mortgage lenders must also establish and implement clear, effective and appropriate policies and procedures for the fair and appropriate treatment of borrowers whom the lender understands, or reasonably suspects, to be particularly vulnerable. The Mortgages Tailored Support Guidance also confirms the FCA's expectation that action to seek possession should be a last resort.

In addition, the FCA proposed that lenders considering or resuming possession proceedings, should support and enable borrowers to disclose circumstances that might make them particularly vulnerable to repossession action at this time - and to consider whether additional care may be required as a result.

On 13 March 2023, the FCA published finalised guidance: “Guidance for firms supporting their existing mortgage borrowers impacted by the rising cost of living” (FG23/2). The FCA stated that the purpose of the finalised guidance was to ensure that lenders are clear about the effect of the FCA rules and the range of options lenders have to support their customers including those who are facing higher interest rates alongside the rising cost of living. The FCA have said that the guidance clarifies the effect of their existing rules and principles and is not intended to set new expectations or requirements of lenders or to repeat the position set out in other documents such as the expectations around repossessions or the treatment of vulnerable customers. It explains how lenders can support borrowers in, or at risk of, payment difficulty and confirms the flexibility lenders have under FCA rules and guidance to support borrowers in different ways.

The FCA makes clear in the Mortgages Tailored Support Guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance.

In March 2021, the FCA stated that as the more immediate impacts of coronavirus begin to subside, they were considering whether they will need to make any permanent changes to their forbearance regimes for mortgages and credit in light of the Mortgages Tailored Support Guidance. This could include updating the rules and guidance in MCOB and incorporating elements of the Mortgages Tailored Support Guidance. On 25 May 2023, the FCA launched consultation CP23/13 setting out how they plan to incorporate aspects of the Mortgages Tailored Support Guidance into MCOB and withdraw the Mortgages Tailored Support Guidance. The FCA are also proposing targeted additional changes to support consumers in financial difficulty. The FCA expect their new rules to come into force in the first half of 2024 and propose to withdraw the Mortgages Tailored Support Guidance at the same time.

On 26 June 2023, mortgage lenders which represent approximately 85% of the UK mortgage market signed a charter ("**Mortgage Charter**") agreeing amongst other items that from 26 June 2023 a borrower will not be forced to leave their home without their consent unless in exceptional circumstances, in less than a year from their first missed payment. In addition, borrowers who are up to date with their mortgage payments will be permitted to switch to interest-only payments for six months (the "**MC Interest-only Agreement**") or extend their mortgage term to reduce their monthly payments and give borrowers the option to revert to their original term within six months by contacting their lender (the "**MC Extension Agreement**"). These options can be taken by borrowers who are up to date with their payments without a new affordability check or affecting their credit score. The Mortgage Charter commitments do not apply to buy-to-let mortgages.

With effect on and from 30 June 2023, the FCA has amended the MCOB to allow (rather than require) lenders to give effect to the MC Interest-only Agreement and the MC Extension Agreement. The amendments made by the FCA do not apply to second ranking mortgages or bridging loans. The charter is currently voluntary and adhering to it will be a decision for lenders to make individually, and the Originator is not currently a signatory to it. The FCA announced that it intends to review the impact of the rule changes within 12 months.

There can be no assurance that the FCA, or other UK government or regulatory bodies, will not take further steps in response to the rising cost of living in the UK which may impact the performance of the Mortgage Loans, including further amending and extending the scope of the above guidance or by further amending and extending the scope of the existing FCA rules.

Energy Efficiency Regulations 2015

From 1 April 2018, landlords of relevant domestic properties in England and Wales may not grant a tenancy to new or existing tenants if their property has an Energy Performance Certificate ("**EPC**") rating of band F or G (as shown on a valid Energy Performance Certificate for the property) and from 1 April 2020, landlords must not continue letting a relevant domestic property which is already let if that property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate for the property). In both cases described above this is referred to in the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the "**Energy Efficiency Regulations 2015**") as the prohibition on letting substandard property. Where a landlord wishes to continue letting property which is currently substandard, they will need to ensure that energy efficiency improvements are made which raise the EPC rating to a minimum of E. In certain circumstances landlords may be able to claim an exemption from this prohibition on letting sub-standard property; this includes situations where the landlord is unable to obtain funding to cover the cost of making improvements, or where all improvements which can be made have been made, and the property remains below an EPC rating of B and E. Local authorities will enforce compliance with the domestic minimum level of energy efficiency. They may check whether a property meets the minimum level of energy efficiency, and may issue a compliance notice requesting information where it appears to them that a property has been let in breach of the Energy Efficiency Regulations 2015 (or an

invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Energy Efficiency Regulations 2015 it may serve a notice on the landlord imposing financial penalties. In September 2020 the Department for Business, Energy & Industrial Strategy issued a consultation titled "*Improving the energy performance of privately rented homes in England and Wales*" regarding, among other things, the proposal to raise energy performance standards for the domestic private rented sector to an EPC rating band of C. The consultation period closed on 8 January 2021. No publication date for the results of the consultation has yet been announced by the UK Government.

Minimum standards of energy efficiency for domestic rented properties in Scotland were expected to be introduced in 2020 under the Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations 2020, but their introduction was delayed due to the impact of COVID-19 and instead the Scottish Government now proposes to introduce new revised legislation aimed at imposing minimum EPC standards for the private rental sector with a view to ensuring that (a) any property marketed for private rent as of 2025 requires an EPC rating of C or above and (b) all properties actively rented in the private sector require an EPC rating of C or above by 2028, but with proposed exemptions where it can be demonstrated that reaching EPC C is not cost-effective or technically feasible and cost-effective, with a backstop of 2028 for all remaining properties. Proposals for EPC reform in Scotland are also currently being consulted on by the Scottish Government, with implementing regulations potentially being introduced in late 2023.

Assured Shorthold Tenancy

Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy ("AT") or Assured Shorthold Tenancy ("AST") under the Housing Act 1988 ("HA 1988"). If it is, this could have the consequences set out below.

A tenancy or lease in England and Wales will be an AT if granted after 15 January 1989 and:

- (a) the tenant or, as the case may be, each of the joint tenants is an individual;
- (b) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home;
- (c) if granted before 1 April 1990:
 - (i) the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and
 - (ii) the rent payable for the time being is greater than two-thirds of the rateable value at 31 March 1990; and
- (d) if granted on or after 1 April 1990 the rent payable for the time being is between £251 and £100,000 inclusive (or between £1,001 and £100,000 inclusive in Greater London).

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997 all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8 – namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases in England and Wales give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action. However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as Ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is government consultation underway to review residential

leasehold law in England and Wales generally and it is anticipated that this issue will be addressed as part of any resulting reforms.

Currently, however, there is a risk that where:

- (ii) a long lease is also an AT/AST due to the level of the ground rent;
- (iii) the tenant is in arrears of ground rent for more than three months;
- (iv) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (v) the tenant does not manage to reduce the arrears to below three months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property. This may adversely affect the realisable value of the Mortgage Portfolio, and/or the ability of the Issuer to make payments under the Notes.

In Scotland, the corresponding provisions of the Housing (Scotland) Act 1988 that govern assured tenancies and short assured tenancies (being broadly the Scottish equivalent of ATs and ASTs in England and Wales) do not apply to long leases in respect of residential property in Scotland that are capable of being registered in the Registers of Scotland and secured by a standard security.

The Renting Homes (Wales) Act 2016

The Renting Homes (Wales) Act 2016 (the "**Renting Homes Act**") received royal assent on 18 January 2016 and fully entered into force on 1 December 2022. The Renting Homes Act converts the majority of existing residential tenancies in Wales into an occupation contract' with retrospective effect. Subject to certain criteria being met, residential lettings and tenancies granted on or after 1 December 2022 will be 'occupation contracts'.

Under the Renting Homes Act, a landlord must, within the requisite time period set out in the act, serve a written statement on the tenant of an occupation contract which sets out certain terms of the occupation contract which are specified in the Act.

Where a tenant has breached the occupation contract the minimum notice that must be given to the tenant by the landlord of termination of the contract is one month. The notice period can be shorter where it relates to acts of anti-social behaviour or serious rent arrears. Where a 'no fault' notice is issued, the minimum notice that must be given to a tenant is six months.

The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the Housing Act 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession.

The Renting Homes Act may result in lower recoveries in relation to buy-to-let mortgage loans over Properties in Wales and may affect the ability of the Issuer to make payments under the Notes.

Private Housing (Tenancies) (Scotland) Act 2016

The Private Housing (Tenancies) (Scotland) Act 2016 (the "**2016 Act**") introduced, from 1 December 2017, a form of tenancy in Scotland known as a "private residential tenancy" which (except in a very limited number of exceptions) provides tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds. The private residential tenancy in Scotland has no fixed or contractual end date.

Accordingly, a lender or security-holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the legislation applies. It should be noted though that one of the grounds on which an eviction order can be sought is that a lender or security-holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession (such ground of eviction, like all others under a private residential tenancy, is discretionary i.e. the First-tier Tribunal must be satisfied in all the circumstances it is reasonable to evict before they will grant an eviction order). There is a risk

that the 2016 Act may result in lower recoveries in relation to buy-to-let mortgages over properties in Scotland and may affect the ability of the Issuer to make payments under the Notes.

In response to rapid increases in inflation and the cost of living that have been affecting the UK since the beginning of the energy crisis in the first half of 2022, the Scottish Parliament has enacted The Cost of Living (Tenant Protection) (Scotland) Act 2022 (the "**2022 Act**"). The 2022 Act amends the 2016 Act and implements temporary protections for tenants that prohibits most eviction grounds and rent increases. The initial period for the majority of these protections has been extended to 30 September 2023 however the Scottish Ministers have the ability to end these protections prior to that date or further extend their application for a further six month period. While the temporary protections apply, a landlord will not be able to increase rent beyond a permitted rate (to be set by the Scottish Ministers and currently 3%) however a landlord may apply to increase the rent by up to 6% in order to recover a proportion of increases in certain property costs (including interest payable under a mortgage). The Scottish Government's current stated policy is in the longer term to introduce permanent statutory controls on rent increases. In addition, a landlord will not be able to enforce eviction notices unless the ground for eviction is one of those exempt from the prohibition. The exempt eviction grounds include, among others, when an eviction is sought because (i) a lender or security-holder intends to sell the property; (ii) the landlord intends to sell or live in the property in order to alleviate financial hardship; and (iii) there are rent arrears equal to or more than the equivalent of 6 months' rent. There are similar provisions for assured and other tenancies. Delays to landlords seeking possession of a property and the restrictions on a landlord's ability to increase rent during the period in which these protections are in place may result in less rental income being available to meet the Borrower's repayment obligations in respect of the Mortgage Loans.

The effects of the 2016 Act (as amended) for the purposes of this Prospectus are primarily restricted to any buy-to-let loans secured over Scottish Property but may have adverse effects in markets experiencing above-average levels of repossession claims.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only require to be moved to the Land Register of Scotland (a process known as "first registration") when that property was sold or if the owner decided voluntarily to commence first registration. The 2012 Act provides additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which will extend to any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Mortgage Portfolio recorded in the General Register of Sasines, if any, pursuant to the terms of the Deed of Charge following a Perfection Event (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which would extend to any assignation granted by the Seller in favour of the Issuer or its nominee in respect of Scottish Mortgages in the Mortgage Portfolio recorded in the General Register of Sasines, if any, pursuant to the terms of the Mortgage Sale Agreement following a Perfection Event (a "**Scottish Sasine Transfer**")).

Accordingly, since 1 April 2016, the General Register of Sasines has been closed to the recording of standard securities.

If a Perfection Event occurs then an application to record a Scottish Sasine Sub-Security in relation to any Scottish Mortgages recorded in the General Register of Sasines (following the transfer of legal title to the Scottish Mortgages to the Issuer) would trigger the first registration in the Land Register of Scotland of the underlying Properties located in Scotland to the extent that these are not then registered in the Land Register of Scotland.

If triggered, first registration will result in higher legal costs and a much longer period required to complete registration than would otherwise be the case.

As noted above, such events will only occur following a Perfection Event and given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (the Registers of Scotland estimated that, in November 2022 around 87 per cent. of functional property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the Provisional Mortgage Portfolio, where, as at the Cut-Off Date, approximately 1.38% per cent. (by aggregate Current Balance) of the

Properties are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

Breathing Space Regulations

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (SI 2020/1311) ("**Breathing Space Regulations**") (which came into force in England and Wales on 4 May 2021) established a scheme which gives eligible individuals in England and Wales with problem debt the right to legal protection from their creditors, including almost all enforcement action, during a period of "breathing space". A standard breathing space will give an individual in England and Wales with problem debt legal protection from creditor action for up to 60 days to receive debt advice; and a mental health crisis breathing space will give an individual in England and Wales protection from creditor action for the duration of their mental health crisis treatment (which is not limited in duration) plus an additional 30 days following the end of such treatment.

However, the Breathing Space Regulations do not apply to mortgages, except for arrears which are uncapitalised at the date of the application under the Breathing Space Regulations and interest, fees or any other charges on those arrears. Interest can still be charged on the principal secured debt during the breathing space period, but not on the arrears. Any mortgage arrears incurred during any breathing space period are not protected from creditor action. The borrower must continue to make mortgage payments in respect of any mortgage secured against their primary residence (save in respect of arrears accrued prior to the moratorium) during the breathing space period, otherwise the relevant debt adviser may cancel the breathing space period.

In February 2021, the FCA issued a policy statement (PS21/1) on the application of the Breathing Space Regulations, in which they confirm that no changes are currently being made to the rules under MCOB, in relation to how mortgage lenders should treat a "breathing space" as an indicator of payment difficulties. The FCA's view is that this is something that firms should take into account, but should not be treated more specifically than other potential indicators of payment difficulties.

In Scotland, eligible individuals are afforded similar legal protection under the Bankruptcy (Scotland) Act 2016. While the moratorium period of six months is longer than in England and Wales, the Scottish regime does not currently make any accommodation for mental health crisis. The Scottish Government has introduced The Bankruptcy and Diligence (Scotland) Bill 2023 which, if enacted, will permit regulations to be made for the introduction of a similar form of moratorium in Scotland as currently exists under the Breathing Space Regulations. It is anticipated that the Bill will come into force by summer 2024, although regulations on the proposed moratorium will likely follow later.

Other Changes to Mortgage Regulation

There can be no assurance that this section comprehensively describes all proposed changes to the relevant regulatory regime or that there will be no further changes to regulations that may have an effect on the mortgage market in the United Kingdom generally or specifically in relation to the Originator.

Further, there can be no assurance that regulators' interpretation of existing rules and regulations will remain unchanged or whether any such regulators may apply such interpretations in respect of actions or conduct already undertaken. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Originator, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments on the Notes.

Given the high level of scrutiny regarding financial institutions' treatment of customers and business conduct from regulatory bodies, the media and politicians, there is a risk that certain aspects of the current or historic business of the Originator, including, among other things, mortgages, may be determined by the FCA and other regulatory bodies or the courts as, in their opinion, not being conducted in accordance with applicable laws or regulations, or fair and reasonable treatment. In particular, there is currently a significant regulatory focus on the sale practices and reward structures that financial institutions have used when selling financial products.

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes. The Notes are intended to be held under the New Safekeeping Structure.

The Global Notes will be deposited on or about the Closing Date with a common safekeeper for both Euroclear and Clearstream, Luxembourg (the "**Common Safekeeper**") and will be registered in the name of a nominee of the Common Safekeeper.

The Issuer will procure that the Registrar maintains a register in which the Registrar will record the Common Safekeeper as the owner of the Global Notes.

Upon confirmation by the Common Safekeeper that it, or a nominee thereof, has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit, higher integral multiples of £1,000 (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests or the Residual Certificate Book-Entry Interests through Participants or through other Indirect Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Joint Lead Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed and the Agency Agreement. Except as set out under "*Issuance of Definitive Notes*" below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Definitive Notes, the Global Note held by the Common Safekeeper or a nominee thereof may not be transferred except as a whole by the Common Safekeeper or nominee thereof to a successor of the Common Safekeeper or nominee thereof.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under "*Transfers and Transfer Restrictions*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Co-Manager, the Note Trustee, the Security Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

"**New Safekeeping Structure**" means a structure where a registered global note is registered in the name of a Common Safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and will be deposited on or about the issue date with the Common Safekeeper for Euroclear and/or Clearstream, Luxembourg.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Elavon Financial Services DAC, UK Branch (the "**Principal Paying Agent**"), on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes: (i) where the Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date; and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Co-Manager, the Note Trustee, the Security Trustee, the Issuer Account Bank or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

The Issuer understands that:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. Neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Issuance of Definitive Notes

Holder of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available; or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form. Any Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See "*Risk Factors – The minimum denominations of the Notes may adversely affect payments on the Notes if issued in definitive form*".

Action in respect of the Global Notes and the Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice; (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note; and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

While the Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; **provided that** if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of Euronext Dublin allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*), sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

DESCRIPTION OF THE GLOBAL RESIDUAL CERTIFICATE

General

The Residual Certificates, as at the Closing Date, will be represented by a Global Residual Certificate. The Global Residual Certificate will be registered on issue on or around the Closing Date in the name of a common depository (or its nominee) for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") (the "**Common Depository**"). The Registrar will maintain a register in which it will register the nominee for the Common Depository as the holder of the Global Residual Certificate.

Upon confirmation by the Common Depository that it has been issued with the Global Residual Certificate, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Residual Certificate ("**Residual Certificate Book-Entry Interests**") representing beneficial interests in the Residual Certificates attributable thereto.

Ownership of Residual Certificate Book-Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Residual Certificate Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Residual Certificate Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Seller. Ownership of Residual Certificate Book-Entry Interests will be shown on, and transfers of Residual Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Residual Certificate Book-Entry Interests.

So long as the nominee of the Common Depository is the registered holder of the Global Residual Certificate underlying the Residual Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Residual Certificate represented by that Global Residual Certificate for all purposes under the Trust Deed. Except as set out under the section below entitled "*Issuance of Definitive Residual Certificates*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Residual Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Residual Certificate Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Residual Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Residual Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Residual Certificate and the Residual Certificate Book-Entry Interests*".

Unlike legal owners or holders of the Residual Certificates, holders of the Residual Certificate Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Certificateholders. Instead, a holder of Residual Certificate Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Residual Certificate Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Residual Certificate Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Residual Certificates are issued in accordance with the Residual Certificates Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Residual Certificate Book-Entry Interests are exchanged for Definitive Residual Certificates, the Global Residual Certificate held by the nominee for the Common Depository may not be transferred except as a whole by that nominee for the Common Depository to a successor nominee for that Common Depository or a nominee of a successor of the Common Depository.

Purchasers of Residual Certificate Book-Entry Interests in a Global Residual Certificate will hold Residual Certificate Book-Entry Interests in the Global Residual Certificate relating thereto. Investors may hold their Residual Certificate Book-Entry Interests in respect of a Global Residual Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Residual Certificate Book-Entry Interests in the Global Residual Certificate on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Residual Certificate Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Co-Manager, the Note Trustee, the Security Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

Issuance of Definitive Residual Certificates

The Global Residual Certificate will become exchangeable in whole, but not in part, for Definitive Residual Certificates at the request of the holder of the relevant Global Residual Certificate if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in the Global Residual Certificate and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the RC2 Residual Certificates which would not be required were the relevant RC2 Residual Certificates in definitive registered form (the "**Exchange Event**").

Any Definitive Residual Certificate issued in exchange for Residual Certificate Book-Entry Interests in the Global Residual Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Residual Certificate Book-Entry Interests. Whenever a Global Residual Certificate is to be exchanged for Definitive Residual Certificates, the Issuer shall procure the prompt delivery (free of charge to the holders of the Residual Certificate Book-Entry Interests) of such Definitive Residual Certificates, duly authenticated, in an aggregate principal amount equal to the principal amount of the relevant Global Residual Certificate within 30 days of the occurrence of the Exchange Event.

Payments on Global Residual Certificate

Payment of amounts due in respect of the Global Residual Certificate will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Depositary or its nominee as the registered holder thereof with respect to the Global Residual Certificate.

Each holder of Residual Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Depositary or its nominee in respect of those Residual Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Depositary, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to

their respective ownership of Residual Certificate Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**"), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Global Residual Certificate. The Record Date in respect of the Global Residual Certificate shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Residual Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Joint Arrangers, the Joint Lead Managers, the Co-Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Residual Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Residual Certificate Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of Residual Certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Residual Certificate Book-Entry Interests or if an owner of a Residual Certificate Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Residual Certificate Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Transfers and Transfer Restrictions

All transfers of Residual Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section above entitled "*General*").

Beneficial interests in the Global Residual Certificate may be held only through Euroclear or Clearstream, Luxembourg. The Global Residual Certificate will bear a legend similar to that appearing under the section of this Prospectus entitled "*Transfer Restrictions and Investor Representations*", and neither the Global Residual Certificate nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set out in the legend appearing in the relevant Global Residual Certificate.

Action in respect of the Global Residual Certificate and the Residual Certificate Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notice in respect of the Global Residual Certificate or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Residual Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Residual Certificate Book-Entry Interests or the Global Residual Certificate and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Residual Certificate Book-Entry Interests or the Global Residual Certificate in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

Notices

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Residual Certificates Condition 15 (*Notice to Certificateholders*)). The Note Trustee may in accordance with the Residual Certificates Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The £404,771,000 Class A floating rate notes due May 2056 (the "**Class A Notes**"), the £28,586,000 Class B floating rate notes due May 2056 (the "**Class B Notes**"), the £14,865,000 Class C floating rate notes due May 2056 (the "**Class C Notes**"), the £9,147,000 Class D floating rate notes due May 2056 (the "**Class D Notes**") and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (the "**Collateralised Rated Notes**"), the £5,718,000 Class Z Notes due May 2056 (the "**Class Z Notes**") and together with the Collateralised Rated Notes, the "**Notes**"), in each case of Twin Bridges 2023-2 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 20 November 2023 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Noteholders (in such capacity, the "**Note Trustee**"). Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class Z Notes, as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or around the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), Elavon Financial Services DAC as registrar (in such capacity, the "**Registrar**") and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and an incorporated terms memorandum (the "**Incorporated Terms Memorandum**") entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Incorporated Terms Memorandum and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the Principal Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Incorporated Terms Memorandum available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Incorporated Terms Memorandum.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with and registered in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000. A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the "**Definitive Notes**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things,and in either case no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in global and (if issued and printed) definitive form will be £100,000.

References to "**Notes**" in these Conditions shall include the Global Notes and the Definitive Notes.

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the original principal amount of that Note on the Closing Date less the aggregate amount of all principal payments in respect of such Note which have been made since the Closing Date; and
- (b) in relation to a Class, the aggregate of the amount in paragraph (a) above in respect of all Notes outstanding in such Class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in paragraph (a) above in respect of all Notes outstanding, regardless of class.

3.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Definitive Note shall only pass by and upon registration of the transfer in the Register.

Definitive Notes may be transferred upon the surrender of the relevant Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the Principal Paying Agent. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*). All transfers of Definitive Notes are subject to any restrictions on transfer set out in the Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Note to be issued upon transfer of such Definitive Note will, within five Business Days of receipt and surrender of such Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times but, subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times but, subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the "**Class C Noteholders**") will be subordinated to the interests of each of the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12 (*Enforcement*) and Condition 18 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pro rata* and *pari passu* without preference or

priority among themselves in relation to payment of interest and principal at all times but, subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. The interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the "**Class D Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).

- (e) The Class Z Notes constitute direct and secured obligations of the Issuer. The Class Z Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times but, subordinate to all payments due in respect of the Collateralised Rated Notes, as provided in these Conditions and the Transaction Documents. The Class Z Notes shall rank senior to the Residual Certificates in respect of payments of principal at all times. Prior to the service of an Enforcement Notice, the Class Z Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to all payments due in respect of items ranking senior thereto in the relevant Priority of Payments. Following the service of an Enforcement Notice, the Class Z Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to all payments due in respect of the Collateralised Rated Notes. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class Z Notes (the "**Class Z Noteholders**") will be subordinated to the interests of the holders of the Collateralised Rated Notes (so long as any Collateralised Rated Notes remain outstanding).
- (f) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee (acting on the instructions of the Note Trustee), respectively, to have regard to the interests of holders of each Class of the Notes as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee (acting on the instructions of the Note Trustee) where there is a conflict of interests between one or more Classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Most Senior Class of Notes or if there are no Notes then outstanding to the Certificateholders.
- (g) The Trust Deed also contains provisions limiting the powers of any Class of Noteholders to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class of Notes. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class of Notes, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and the Certificateholders in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 13.3 (*Limitations on other Noteholders*), the Security Trustee shall act on the instructions of the Note Trustee and not have regard to the interests of the other Secured Creditors.

4.2 Security

- (a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under these Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Account and the Issuer's interest in the Global Collection Account and the Portfolio Transaction Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes;
- (k) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006 (as amended);
- (l) **VAT:** apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the Value Added Tax (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory

instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same; or

- (m) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. INTEREST

6.1 Accrual of interest

Interest Accrual

Each Note (other than the Class Z Notes) bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each interest bearing Note (in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

6.2 Interest Payment Dates

Interest will be payable in arrear on each Interest Payment Date for all Classes of Notes (other than the Class Z Notes).

"**Interest Payment Date**" means the 15th day of February, May, August and November or, if such day is not a Business Day, the immediately following Business Day with the First Interest Payment Date falling on May 2024.

Interest shall accrue from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date (each such period, an "**Interest Period**").

No interest will be payable on the Class Z Notes.

6.3 Rate of Interest

Rate of Interest

- (a) The rate of interest payable from time to time in respect of each Class of the Collateralised Rated Notes (each a "**Rate of Interest**" and together the "**Rates of Interest**") will be:
 - (i) in respect of each Class of the Collateralised Rated Notes and any Interest Period, the Agent Bank will determine:
 - (A) the Relevant Screen Rate for each Class of the Collateralised Rated Notes for the relevant Interest Period; and
 - (B) the Interest Payment Date next following the relevant Interest Period;
 - (ii) the Rates of Interest for the relevant Interest Period in respect of the Collateralised Rated Notes shall be:
 - (A) from (and including) the Closing Date to (but excluding) the Optional Redemption Date, Compounded Daily SONIA plus the Relevant Margin; and
 - (B) from (and including) the Optional Redemption Date, Compounded Daily SONIA plus the Relevant Step-Up Margin,

provided that the Rate of Interest shall be floored at zero.

Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to: (i) how the SONIA Reference Rate is to be determined; or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to receiving written instructions from the Issuer (upon which the Agent Bank shall be entitled to rely conclusively and without enquiry or liability) and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be: (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period); or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the First Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

Notwithstanding any other provision of this Condition 6, if in the Agent Bank's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 6, the Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank in writing as to which alternative course of action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Agent Bank shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

Definitions

In these Conditions (except where otherwise defined), the expression:

- (a) **"Business Day"** means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for business in London;
- (b) **"Compounded Daily SONIA"** means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d₀**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**LBD**" means a Business Day;

"**n_i**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Business Day;

"**p**" means for any Interest Period, five Business Days; and

"**SONIAi-pLBD**" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling "p" Business Days prior to that Business Day "i";

- (c) "**Interest Determination Date**" means the fifth Business Day before the Interest Payment Date for which the relevant Rate of Interest will apply;
- (d) "**Observation Period**" means the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling "p" Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling "p" Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);
- (e) "**Relevant Margin**" means:
 - (i) in respect of the Class A Notes, 1.18 per cent. per annum;
 - (ii) in respect of the Class B Notes, 2.05 per cent. per annum;
 - (iii) in respect of the Class C Notes, 3.25 per cent. per annum; and
 - (iv) in respect of the Class D Notes, 4.05 per cent. per annum;
- (f) "**Relevant Screen Rate**" means, for each Interest Period in respect of each class of Notes, Compounded Daily SONIA determined as at the related Interest Determination Date;
- (g) "**Relevant Step-Up Margin**" means:
 - (i) in respect of the Class A Notes, 1.77 per cent. per annum;
 - (ii) in respect of the Class B Notes, 3.05 per cent. per annum;
 - (iii) in respect of the Class C Notes, 4.25 per cent. per annum; and
 - (iv) in respect of the Class D Notes, 5.05 per cent. per annum;
- (h) "**Screen**" means the Refinitiv Screen SONIA Page (or such replacement page on that service which displays the relevant information) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer;
- (i) "**Secured Creditors**" means the Security Trustee and the Note Trustee each in its own capacity, any Receiver or any Appointee appointed or employed by the Security Trustee or the Note Trustee, each in its own capacity, the Registrar, the Paying Agents, the Corporate Services Provider, the Agent Bank, the Servicer (and any Replacement Servicer), the Back-Up Servicer Facilitator, the Cash Manager (and any replacement Cash Manager), the Issuer Account Bank, the Global Collection Account Bank, the Collection Account Bank, the Swap Counterparties, the Noteholders, the Certificateholders and any party named as such in a Transaction Document;
- (j) "**SONIA**" means the Sterling Overnight Index Average;
- (k) "**SONIA Reference Rate**" means in respect of any Business Day, a reference rate equal to the daily SONIA rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day).

If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the

relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; and

- (l) "**Transaction Documents**" means:
- (i) the Agency Agreement;
 - (ii) the Cash Management Agreement (and any replacement cash management agreement);
 - (iii) the Collection Account Bank Agreement;
 - (iv) the Corporate Services Agreement;
 - (v) the Deed of Accession to Global Collection Account Declaration of Trust;
 - (vi) the Deed of Charge (and the documents to be entered into pursuant thereto);
 - (vii) the Deed Poll;
 - (viii) the Global Collection Account Declaration of Trust;
 - (ix) the Incorporated Terms Memorandum;
 - (x) the Issuer Account Bank Agreement;
 - (xi) the Mortgage Sale Agreement (and the documents to be entered into pursuant thereto);
 - (xii) the Portfolio Transaction Accounts Declaration of Trust;
 - (xiii) the Scottish Declaration of Trust;
 - (xiv) each Scottish Supplemental Charge;
 - (xv) the Servicing Agreement (and the documents to be entered into pursuant thereto);
 - (xvi) each Swap Agreement;
 - (xvii) the Trust Deed; and
 - (xviii) the share trust deed dated 3 October 2023 (the "**Share Trust Deed**"),

and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Residual Certificates.

6.4 Determination of Rates of Interest and Interest Amounts

Rates of Interest

The Agent Bank shall, as soon as practicable after 11am (London time) on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the Principal Amount Outstanding of each interest bearing Class of the Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of a Class of the Collateralised Rated Notes, be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of the Collateralised Rated Notes and multiplying the sum by the actual number of calendar days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

6.5 Publication of Rates of Interest and Interest Amounts

The Agent Bank shall cause the Rate of Interest and the Interest Amounts for each Class of Notes (other than the Class Z Notes) in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than three Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

6.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Agent Bank, the Cash Manager or the Note Trustee, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Noteholders shall attach to the Cash Manager, the Agent Bank, the Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

6.7 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the Rate of Interest or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed pursuant to the terms of the Agency Agreement.

7. PAYMENTS

7.1 Payment of Interest and Principal

Subject to Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by credit or transfer to an account in Sterling maintained by the payee.

7.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to: (i) any fiscal or other laws and regulations applicable thereto and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or

other agents **provided that** there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice to be provided as soon as possible and, in any event, no later than one Business Day prior to the Record Date of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

7.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

7.7 Payment of Interest

If interest is not paid in respect of a Note of any Class (other than a Class Z Note) on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding together with any accrued but unpaid interest on the Interest Payment Date falling in May 2056 (the "**Final Maturity Date**").

8.2 Mandatory Redemption prior to the service of an Enforcement Notice

- (a) Prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Redemption Receipts available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments which shall be applied in the following order of priority:
 - (i) to repay the Class A Notes until they are each repaid in full; and thereafter
 - (ii) to repay the Class B Notes until they are each repaid in full; and thereafter
 - (iii) to repay the Class C Notes until they are each repaid in full; and thereafter
 - (iv) to repay the Class D Notes until they are each repaid in full; and thereafter
 - (v) to repay the Class Z Notes until they are each repaid in full.
- (b) The Principal Amount Outstanding of each Note shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Note (the "**Note Principal Payment**") on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Redemption Receipts and/or Available

Revenue Receipts (as applicable) available for the redemption of the relevant Class of Notes on such Interest Payment Date in accordance with the relevant Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date, multiplied by the relevant Note Factor and rounded down to the nearest penny. With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine): (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date; (ii) the Principal Amount Outstanding of each such Note; and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**Note Factor**"), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, is the Principal Amount Outstanding of the relevant Class of Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Note Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.

- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Note Factor to be notified not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Regulated Market of Euronext Dublin) Euronext Dublin, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Mandatory Redemption of the Notes in full on or after the Optional Redemption Date

On the Issuer giving not more than 60 calendar days' nor fewer than two Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, on any Interest Payment Date on or after the Optional Redemption Date and following the sale of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio in accordance with the provisions of the Deed Poll, the Portfolio Minimum Purchase Price together with all amounts standing to the credit of the General Reserve Fund (without double counting) any Available Revenue Receipts and Available Redemption Receipts otherwise available to the Issuer for application on the Interest Payment Date on or immediately following the Optional Portfolio Purchase Completion Date will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*).

8.4 Mandatory Redemption in full pursuant to a Risk Retention Regulatory Change Option

- (a) On any Business Day, if a Risk Retention Regulatory Change Event occurs and the Retention Holder exercises the Risk Retention Regulatory Change Option, the Issuer will give not more than 90 nor less than two Business Days' notice to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, and the Notes will be redeemed at their Principal Amount Outstanding on the Interest Payment Date on or immediately following the date specified in such notice (the "**Risk Retention Regulatory Change Option Date**") together with any interest accrued thereon, **provided that** the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid in priority to or *pari passu* with all such payments on such Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely absolutely without any enquiry or liability).
- (b) Any Note redeemed pursuant to paragraph (a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to, but excluding, the relevant Interest Payment Date on the Interest Payment Date immediately following the Risk Retention Regulatory Change Option Date specified in a notice given pursuant to paragraph (a) above.

8.5 Mandatory Redemption for Taxation or Other Reasons

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount 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 United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes,

then the Issuer shall, if the same would avoid the effect of such relevant event described in paragraph (a) or (b) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed, **provided that:**

- (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Notes of any Class (and in making such determination, the Note Trustee may without liability therefor rely solely, without investigation, inquiry or liability, on (A) any confirmation made orally to the Issuer (in which case the Issuer shall confirm the same in writing to the Note Trustee) or in writing from each of the Rating Agencies that the then current ratings of the Collateralised Rated Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming and the Issuer has certified to the Cash Manager, the Note Trustee and the Security Trustee that such proposed action (I) (while any Collateralised Rated Notes remain outstanding) has been notified to the Rating Agencies, (II) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (III) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (IV) (while any of the Collateralised Rated Notes remain outstanding) would not have an adverse effect on the rating of the Collateralised Rated Notes) (upon which confirmation or certificate the Note Trustee and Security Trustee shall be entitled to rely absolutely without enquiry or liability to any person for so doing); and
- (ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

A "**Redemption Event**" shall occur if the Issuer satisfies the Note Trustee, by way of a certificate on which the Note Trustee may rely absolutely without enquiry or liability, immediately before giving the notice referred to below that one or more of the events described in paragraph (a) or (b) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution.

Following the occurrence of a Redemption Event, the Mortgage Loans and their Related Security comprising the Mortgage Portfolio shall be capable of being sold pursuant to the provisions of the Deed Poll on the Redemption Event Purchase Completion Date for a price equal to the Redemption Event Portfolio Purchase Price. The Redemption Event Portfolio Purchase Price will, on the Interest Payment Date on or immediately following the Redemption Event Purchase Completion Date, be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full in accordance with Condition 8.2 (*Mandatory Redemption prior to the service of an Enforcement Notice*). The Issuer shall give not more than 90 days' nor fewer than two Business Days' notice of any such redemption of the Notes to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee.

"Redemption Event Portfolio Purchase Price" means an amount not less than (without double counting):

- (a) an amount equal to the aggregate amount required to satisfy items (a) to (p) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date following the Redemption Event Purchase Completion Date including (for the avoidance of doubt) the Issuer's costs and expenses: (i) incurred pursuant to the sale and redemption in connection with the sale and purchase of the Mortgage Loans and their Related Security under this Condition 8.5; and (ii) associated with transferring its interests in any Mortgage Loans and their Related Security to the Portfolio Call Option Holder or its nominee (if any) and an amount agreed between the Issuer and the Portfolio Call Option Holder in respect of costs anticipated to be incurred by the Issuer after the Redemption Event Purchase Completion Date; *less*
- (b) the balance standing to the credit of the General Reserve Fund; *less*
- (c) (without double counting) any other amounts that would constitute Available Revenue Receipts and Available Redemption Receipts on the immediately following Interest Payment Date (**provided that** such amounts relate only to the periods up to (and including) the last day of the Monthly Collection Period immediately prior to the Redemption Event Purchase Completion Date).

"Redemption Event Purchase Completion Date" means the date indicated by the Portfolio Call Option Holder or its nominee (as applicable) in an acceptance notice addressed, *inter alios*, to the Issuer and confirmed by the Issuer in writing, on which the purchase by the Portfolio Call Option Holder or its nominee (as applicable) of the Mortgage Loans and their Related Security shall be completed in accordance with this Condition 8.5, the Residual Certificates Conditions and the Deed Poll, **provided further that:** (i) if the Redemption Event occurs and is notified by the Issuer in accordance with the provisions of the Deed Poll not less than six Business Days prior to the Interest Payment Date immediately following the occurrence of the Redemption Event, such date shall fall on or before the Interest Payment Date immediately following the Redemption Event; and (ii) if the Redemption Event occurs and is notified by the Issuer in accordance with the provisions of the Deed Poll less than six Business Days prior to the Interest Payment Date immediately following the occurrence of the Redemption Event, such date shall fall (x) after the Interest Payment Date immediately following the occurrence of the Redemption Event and (y) on or before the second Interest Payment Date immediately following the Redemption Event.

8.6 Principal Amount Outstanding

The **"Principal Amount Outstanding"** of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £404,771,000, in respect of the Class B Notes of £28,586,000, in respect of the Class C Notes of £14,865,000, in respect of the Class D Notes of £9,147,000, and in respect of the Class Z Notes of £5,718,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

8.7 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Mandatory Redemption of the Notes in full on or after the Optional Redemption Date*) or Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*) shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to the Deed Poll may be relied on by the Note Trustee absolutely without investigation or liability and, if so relied on, shall be conclusive and binding on the Noteholders.

8.8 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.9 Cancellation on redemption in full

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 10, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which the full amount of such monies has been received, and notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

11. EVENTS OF DEFAULT

11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes shall (subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an "**Enforcement Notice**") to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Seller, the Servicer, the Back-Up Servicer Facilitator, the Issuer Account Bank, the Global Collection Account Bank, the Collection Account Bank and the Cash Manager), if any of the following events (each, an "**Event of Default**") occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Most Senior Class of Notes and the default continues for: (i) a period of ten days in the case of principal, or (ii) five days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the Most Senior Class of Notes and the failure continues for a period of 15 days (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the Most Senior Class of Notes and the matters giving rise to such misrepresentation are not remedied within a period of 15 days (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

- (d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the holders of the Most Senior Class of Notes; or
- (e) if: (i) the Issuer ceases or threatens to cease to carry on the whole or, in the opinion of the Note Trustee, a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the holders of the Most Senior Class of Notes; or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities); or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

"Potential Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default, the consequence of such event being that the Security Trustee may, in accordance with the Deed of Charge, deliver to the Issuer a notice (such notice, a **"Security Protection Notice"**) providing for the immediate conversion of the floating charge created by the Deed of Charge into a fixed charge over all assets of the Issuer which were the subject of the floating charge.

11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest thereon as provided in the Trust Deed.

12. ENFORCEMENT

12.1 General

The Note Trustee may, at any time, at its discretion and without notice and in such manner as it thinks fit, take such proceedings, actions and/or steps, or direct the Security Trustee to take such proceedings, actions and/or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Residual Certificates or the Trust Deed (including these Conditions or the Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Note Trustee may, at its discretion and without notice, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (a) the Note Trustee shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes; and
- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

12.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Residual Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes (and all persons ranking in priority to the holders of the Notes), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments). The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 without enquiry and shall incur no liability to any person for so doing.

12.3 Limitations on Enforcement

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, **provided that** no Noteholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer. Any proceeds received by a Noteholder pursuant to any such proceedings should be paid to the Note Trustee promptly following receipt thereof for application pursuant to the applicable Priorities of Payment.

12.4 Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets, rights and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Deed of Charge, amounts outstanding under the Notes,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

13.2 For the purposes of these Conditions, "Most Senior Class of Notes" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Collateralised Rated Notes then outstanding, the Class Z Notes.

13.3 Limitations on other Noteholders

- (a) Subject as provided in Conditions 13.3(b) and 13.3(c) below:
 - (i) a resolution passed at any meeting of the holders of the Most Senior Class of Notes shall be binding on such Noteholders and all other Classes of Noteholders and the holders of the Residual Certificates irrespective of the effect upon them;
 - (ii) subject to Condition 13.3(a)(iii) below, a resolution passed at any meeting of a relevant Class of Noteholders shall be binding on (A) such Noteholders and all other Classes of Noteholders ranking junior to such Class of Noteholders in the Post-Enforcement Priority of Payments in each case and (B) the Residual Certificates, in each case irrespective of the effect it has upon them; and
 - (iii) subject to Condition 13.3(c) below, no resolution of any Class of Noteholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and, in the case of the Residual Certificates, all Notes ranking in priority thereto (or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes and, in the case of the Residual Certificates, all Notes ranking in priority thereto).
- (b) Subject as provided in Condition 13.3(c) below, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of Notes of only one Class or the Residual Certificates only shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected or the Residual Certificates.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each Class of Notes then outstanding and the holders of the Residual Certificates then in issue, in each case only if such Class or the Residual Certificates are affected by such Basic Terms Modification.

13.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Ordinary Resolution will be one or more persons holding or representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.
- (b) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding.

- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes passing an Extraordinary Resolution to: (i) sanction a modification of the date of maturity of any Class of Notes; (ii) sanction a modification of the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes, or of the method of calculating the date of payment in respect of the Residual Certificates, except in accordance with Condition 13.6(e) and the Trust Deed in relation to any Base Rate Modification and/or Condition 13.6(f) in relation to any Swap Rate Modification (as defined therein) and the Trust Deed; (iii) sanction a modification of the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes or the priority of the payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Residual Certificates or a modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Residual Certificates, except in accordance with Condition 13.6(e) and the Trust Deed in relation to any Base Rate Modification and/or Condition 13.6(f) and the Trust Deed in relation to any Swap Rate Modification; (iv) alter the currency in which payments under any Class of Notes or Residual Certificates are to be made; (v) alter the quorum or majority required in relation to this exception; (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or the Residual Certificates; (vii) sanction any waiver of any proposed or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto which would have the effect of any of the foregoing; (viii) make any change to the definition of a Basic Terms Modification; or (ix) alter any of the provisions contained in this exception (each a "**Basic Terms Modification**") shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each relevant Class of Noteholders.
- (d) The quorum at any adjourned meeting shall be:
- (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the Notes of such Class then outstanding;
 - (ii) (other than in relation to a Basic Terms Modification) for an Extraordinary Resolution shall be one or more persons present and holding or representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the Notes of such Class then outstanding; and
 - (iii) (in respect of a Basic Terms Modification) one or more persons present and holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding or of the Residual Certificates then in issue, as applicable.

The terms of the Trust Deed and the Deed of Charge provide for the Noteholders to give directions in writing to the Note Trustee upon which the Note Trustee is bound to act.

- 13.5 The Note Trustee may at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) and in respect of any modification in connection with the Deed Poll and the Portfolio Call Option granted therein, with the written consent of the Portfolio Call Option Holder, but without the consent or sanction of the Noteholders of each Class, the Certificateholders or any other

Secured Creditors agree with the Issuer and any other parties and may direct the Security Trustee to agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) (except in the case of a Basic Terms Modification) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee, will not be materially prejudicial to the interests of the Noteholders of each Class and the interests of the Certificateholders; or
- (b) to these Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.

13.6 **Provided that** there are Notes outstanding, notwithstanding the provisions of Condition 13.5 but subject to Condition 13.7, the Note Trustee shall be obliged and shall direct the Security Trustee, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to the receipt of the prior written consent of each of the Secured Creditors party to the Transaction Document being modified (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) and in respect of any modification in connection with the Deed Poll and the Portfolio Call Option granted therein, with the written consent of the Portfolio Call Option Holder, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions and/or any Transaction Document (including entering into any new, supplemental or additional documents) that the Issuer considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, **provided that** the Issuer certifies in writing to the Note Trustee and the Security Trustee (as applicable) that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria;
- (b) in order to enable the Issuer and/or the Swap Counterparties to comply with: (i) any obligation which applies to it under UK EMIR and/or EU EMIR; or (ii) any other obligation which applies to it under UK EMIR and/or EU EMIR, **provided that** the Issuer (or the Servicer on its behalf) or each Swap Counterparty, as appropriate, certifies to the Note Trustee and the Security Trustee (as applicable) in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (c) for the purpose of complying with any changes in the requirements (including, but not limited to, risk retention, transparency and/or investor due diligence requirements and/or designation as simple transparent and standardised/STS securitisation) of Regulation (EU) 2017/2402 together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time (the "**EU Securitisation Regulation**") as it forms part of domestic law by virtue of the EUWA, including and the Securitisation (Amendment) (EU Exit) Regulations 2019, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures of the FCA, the Bank of England, the PRA, the Pensions Regulator or other relevant UK regulator (or their successor) in relation thereto (the "**UK Securitisation Regulation**") or the EU Securitisation Regulation after the Closing Date, including relating to the treatment of the Notes as a simple, transparent and standardised securitisation, and as a result of any changes to any secondary legislation or official guidance in relation to the EU Securitisation Regulation and the UK Securitisation Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, (including, without limitation, the appointment of a third party pursuant to the Servicing Agreement and/or the Cash Management Agreement to assist with the Issuer's reporting obligations pursuant to the UK Securitisation Regulation), **provided that** the Issuer (or the Servicer on its behalf) provides a written certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect; and

- (d) for the purposes of enabling the Issuer or any other person that is party to a Transaction Document (a "**Transaction Party**") to comply with Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code ("**FATCA**") (or any voluntary agreement entered into with a taxing authority in relation thereto), **provided that** the Issuer (or the Servicer on its behalf) or the relevant Transaction Party, as applicable, provides a written certificate to the Note Trustee and the Security Trustee (as applicable) certifying that such modification is required solely for such purpose and has been drafted solely to such effect, such written certificate to be provided to the Note Trustee and the Security Trustee (as applicable) pursuant to Conditions 13.6(a) to 13.6(d) above and certifying that such modification is required solely for such purpose and has been drafted solely to such effect, being a "**Modification Certificate**";
- (e) for the purpose of changing the Relevant Screen Rate or the base rate that then applies in respect of the Notes and any Swap Agreement to an alternative base rate (any such rate, which may include an alternative Relevant Screen Rate recommended as a replacement Relevant Screen Rate by the administrator of that Relevant Screen Rate or by any other applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of any of them or the Financial Stability Board, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that the Issuer (or the Servicer on its behalf), certifies to the Note Trustee and the Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
- (i) such Base Rate Modification is being undertaken due to any one or more of the following:
- (A) an alternative manner of calculating a SONIA-based base rate is introduced and becomes a standard means of calculating interest for similar transactions; or
 - (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published; or
 - (C) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA or has changed or will change such interest rate benchmark in an adverse manner); or
 - (D) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner; or
 - (E) a public announcement by the supervisor of the SONIA administrator of the permanent or indefinite discontinuation of SONIA or the base rate that applies to the Notes; or
 - (F) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
 - (G) a public announcement by the supervisor of the SONIA administrator of the permanent or indefinite discontinuation of SONIA or the base rate that applies to the floating rate notes at such time; or

(H) the reasonable expectation of the Issuer (or the Servicer on its behalf) that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification,

and, in each case, has been drafted solely to such effect; and

(ii) such Alternative Base Rate is any one or more of the following:

(A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the EU or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing) (which, for the avoidance of doubt, may be an alternative Relevant Screen Rate together with a specified adjustment factor which may increase or decrease the alternative Relevant Screen Rate); or

(B) a base rate published, endorsed, approved or recognised by the Loan Market Association; or

(C) the Sterling Overnight Index Average or the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or

(D) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification; or

(E) a base rate utilised in a publicly listed new issue of Sterling-denominated asset backed floating rate notes where the originator of the relevant assets is Paratus or an affiliate thereof; or

(F) such other base rate as the Servicer (on behalf of the Issuer) reasonably determines, taking into account the effect of any of the events referred to in Condition 13.6(e)(i) above on the Mortgage Rate and using reasonable endeavours to minimise any mismatch in interest basis between the Mortgage Rates and the proposed Alternative Base Rate where commercially appropriate,

and in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders.

For the avoidance of doubt, the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate on more than one occasion **provided that** the conditions set out in this Condition 13.6(e) are satisfied; and

(f) for the purpose of changing the base rate that then applies in respect of a Swap Agreement to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change and the relevant Swap Counterparty solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Swap Agreements to the base rate of the Notes following such Base Rate Modification (a "**Swap Rate Modification**"), provided that the Issuer (or the Servicer on its behalf), certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Swap Rate Modification Certificate**").

The Note Trustee is only obliged to concur with the Issuer in making any modification to these Conditions referred to in Conditions 13.6(a) to 13.6(f) above and/or requiring the Security Trustee to do so (other than in respect of a Basic Terms Modification) and/or any Transaction Document:

- (i) with at least 30 days' prior notice of any such proposed modification have been given to the Note Trustee and the Security Trustee;
- (ii) the Modification Certificate or (as applicable) the Base Rate Modification Certificate or (as applicable) the Swap Rate Modification Certificate in relation to such modification should be provided to the Note Trustee and the Security Trustee both at the time the Note Trustee and the Security Trustee are notified of the proposed modification and on the date that such modification takes effect;
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document should have been obtained (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) and in respect of any modification in connection with the Deed Poll and the Portfolio Call Option granted therein, the written consent of the Portfolio Call Option Holder should have been obtained;
- (iv) the Note Trustee and Security Trustee must be satisfied that they have been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees and expenses) incurred by them in connection with such modification;
- (v) the Issuer or the Servicer on its behalf (as applicable) either:
 - (A) has obtained from each of the Rating Agencies a Rating Agency Confirmation; or
 - (B) has certified in the Modification Certificate or (as applicable) the Base Rate Modification Certificate or (as applicable) the Swap Rate Modification Certificate that it has informed the Rating Agencies of the proposed modification and neither of the Rating Agencies has indicated that such modification would result in a downgrade, qualification or withdrawal of the then current ratings assigned to any Class of the Notes by such Rating Agency;
- (vi) in relation to Conditions 13.6(a) to 13.6(d) above (inclusive) and 13.6(f) above only, the Issuer has certified (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without enquiry or liability) in writing to the Note Trustee (which certification may be in the Modification Certificate or (as applicable) Base Rate Modification Certificate or (as applicable) the Swap Rate Modification Certificate) that in relation to such modification (I) the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes, in each case specifying the date and time by which Noteholders of the Most Senior Class of Notes must respond, and has made available at such time the modification documents for inspection from the registered office of the Principal Paying Agent for the time being during normal business hours, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes may be held within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes is passed in favour of such modification in accordance with this Condition 13.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes;

- (vii) in relation to Condition 13.6(e) above only, the Issuer has certified (upon which certification the Note Trustee and the Security Trustee shall rely absolutely and without enquiry or liability) in writing to the Note Trustee (which certification may be in the Modification Certificate or (as applicable) Base Rate Modification Certificate) that in relation to such modification the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes (such notice, the "**Base Rate Modification Noteholder Notice**") confirming the following:
- (A) the period during which Noteholders of the Most Senior Class of Notes (being Noteholders on the date five Business Days from the date of the Base Rate Modification Noteholder Notice (the "**Base Rate Modification Record Date**")), may object to the proposed Base Rate Modification (which notice period shall commence at least 30 calendar days prior to the date on which it is proposed that the Base Rate Modification would take effect and continue for a period not less than 20 calendar days) and the method by which they may object; and
 - (B) the paragraph(s) of Condition 13.6(e)(i) above under which the Base Rate Modification is being proposed; and
 - (C) which Alternative Base Rate is proposed to be adopted pursuant to Condition 13.6(e)(ii) above, and, where Condition 13.6(e)(ii)(F) above is being applied, the rationale for choosing the proposed Alternative Base Rate; and
 - (D) details of any consequential modifications that the Issuer has agreed for margin maintenance purposes (for example, modifications to any standard variable rate ("**SVR**") covenant or similar such covenant in relation to the interest rate(s) on the underlying portfolio of assets, to the extent that the SVR covenant or similar such covenant is linked to the applicable Relevant Screen Rate, or modifications in respect of any margin reserve fund requirement) for the purpose of aligning any such rates with the proposed Base Rate Modification, if the proposed Base Rate Modification takes effect. The Issuer shall use reasonable endeavours to agree such modifications where commercially appropriate to maintain an equivalent level of protection as provided by any SVR covenant or margin reserve fund requirement prior to the proposed Base Rate Modification, and that such modifications shall take effect no later than 30 calendar days from the date on which the Base Rate Modification takes effect. If: (i) no such modifications are proposed to be made; and/or (ii) such modifications will be made but will not result in an equivalent level of protection; and/or (iii) such modifications would take effect later than 30 calendar days from the date on which the Base Rate Modification takes effect, the Issuer shall set out in the Base Rate Modification Noteholder Notice the rationale for this;
- (viii) details should be provided of the adjustment which the Issuer proposes to make (if any) to the margin payable on each Class of Notes which are the subject of the Base Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Rate of Interest applicable to each such Class of Notes had no such Base Rate Modification been effected (the "**Note Rate Maintenance Adjustment**"), provided that:
- (A) in the event that the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the EU or any stock exchange on which the Notes are listed or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Sterling Risk-Free Reference Rates and the Loan Market Association has published, endorsed, approved or recognised a note rate maintenance adjustment mechanism which could be used in the context of a transition from the applicable Relevant Screen Rate to the Alternative Base Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the Base Rate Modification Noteholder Notice the rationale for concluding that

this is not a commercial and reasonable approach in relation to the Notes and the proposed Base Rate Modification; or

- (B) in the event that it has become generally accepted market practice in the securitisation, Eurobond or swaps market to use a particular note rate maintenance adjustment mechanism in the context of a transition from the applicable Relevant Screen Rate to the Alternative Base Rate, then the Issuer shall propose that note rate maintenance adjustment mechanism as the Note Rate Maintenance Adjustment, or otherwise the Issuer shall set out in the Base Rate Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Base Rate Modification; or
 - (C) in the event that neither paragraph (A) nor (b) above applies, the Issuer shall use reasonable endeavours to propose an alternative Note Rate Maintenance Adjustment as reasonably determined by the Issuer (or the Servicer on its behalf), and shall set out the rationale for the proposal or otherwise the Issuer shall set out in the Base Rate Modification Noteholder Notice the rationale for concluding that this is not a commercial and reasonable approach in relation to the Notes and the proposed Base Rate Modification; and
 - (D) if any Note Rate Maintenance Adjustment is proposed, the Note Rate Maintenance Adjustment applicable to each Class of Notes other than the Most Senior Class of Notes shall be at least equal to that applicable to the Most Senior Class of Notes. In circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Notes other than the Most Senior Class of Notes than that which is proposed for the Most Senior Class of Notes or another Class of Notes which ranks senior to the Class of Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, the Base Rate Modification will not be made unless an Extraordinary Resolution is passed in favour of such modification in accordance with this Condition 13 by the Noteholders of each Class of Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made; and
 - (E) for the avoidance of doubt, the Note Rate Maintenance Adjustment may effect an increase or a decrease to the margin or may be set at zero; and
- (ix) details should be provided of: (i) other amendments which the Issuer proposes to make (if any) to these Conditions or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to this Condition 13.6.

Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes outstanding on the Base Rate Modification Record Date have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the Base Rate Modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes outstanding on the Base Rate Modification Record Date have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution is passed in favour of such modification in accordance with this Condition 13 provided that: (A) in circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Notes other than the Most Senior Class of Notes than that which is proposed for the Most Senior Class of Notes or another Class of Notes which ranks senior to the Class of Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, such Extraordinary Resolution shall be passed by the Noteholders of the Most Senior Class of Notes then outstanding and by the Noteholders of each Class of Notes then outstanding to which the lower Note Rate Maintenance Adjustment is

proposed to be made; and (B) in other circumstances, such Extraordinary Resolution shall be passed by Noteholders of the Most Senior Class of Notes then outstanding.

If such Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes has not been passed, the alternative Relevant Screen Rate shall be determined in accordance with Condition 6.3 (*Rate of Interest*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes on the Base Rate Modification Record Date.

13.7 When implementing any modification pursuant to Condition 13.6:

- (a) (i) (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification) the Note Trustee shall not consider the interests of the Noteholders, the Portfolio Call Option Holder, any other Secured Creditor or any other person and shall act and rely solely and without investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 13.6 and shall not be liable to the Noteholders, the Portfolio Call Option Holder, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person;
 - (ii) neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification which, in the sole opinion of the Note Trustee or the Security Trustee, as applicable, would have the effect of: (A) exposing the Note Trustee or the Security Trustee, as applicable, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (B) increasing the obligations or duties, or decreasing the rights or protections, of the Note Trustee or the Security Trustee, as applicable, in the Transaction Documents and/or these Conditions; and
 - (iii) the Note Trustee and Security Trustee shall be entitled to rely absolutely and without enquiry or liability on any Modification Certificate, Base Rate Modification Certificate or Swap Rate Modification Certificate.
- (b) Any such Base Rate Modification or (as applicable) Swap Rate Modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:
- (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency; and
 - (ii) the Secured Creditors, the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Residual Certificates Condition 15 (*Notice to Certificateholders*).

13.8 Other than in relation to a Basic Terms Modification, the Note Trustee may in its absolute discretion, and may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors (but without affecting the rights of such other Secured Creditors under the Transaction Documents) and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, but only if and insofar as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders of each Class and the interests of the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.8 in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (or, if there are no Notes outstanding, the interests of the RC2 Certificateholders) or by a direction under

Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

- 13.9 Any such modification, waiver, authorisation or determination by the Note Trustee, in accordance with these Conditions, the Residual Certificates Conditions or the Transaction Documents shall be binding on the Noteholders and Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*).
- 13.10 Any modification to the Transaction Documents and these Conditions shall be notified by the Issuer in writing to the Rating Agencies (other than any modification which in the opinion of the Note Trustee: (i) will not be materially prejudicial to the interests of the Noteholders of each Class (or, if there are no Notes outstanding, the interests of Certificateholders); or (ii) is a formal, minor or technical nature or is made to correct a manifest error).
- 13.11 In connection with any such substitution of principal debtor referred to in Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*), the Note Trustee may also agree, and may direct the Security Trustee to agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents (and in the case of the Deed Poll and the Portfolio Call Option granted therein, without the consent of the Portfolio Call Option Holder), provided that such change would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders of each Class and the interests of the Certificateholders).
- 13.12 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class of the Collateralised Rated Notes, the Note Trustee may, among other things, have regard to whether the Rating Agencies have confirmed orally or in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Collateralised Rated Notes.
- 13.13 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee (acting on the instructions of the Note Trustee) is required to have regard to the interests of the Noteholders of any Class or Classes, it shall: (A) have regard to the general interests of the Noteholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee (acting on the instructions of the Note Trustee) shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee (acting on the instructions of the Note Trustee) or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders; and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee (acting on the instructions of the Note Trustee) where there is a conflict of interests between one or more Classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes ranking in priority to the other relevant Classes of Notes.
- 13.14 Other than in respect of any matter requiring an Extraordinary Resolution, Noteholders are required to vote by way of an Ordinary Resolution.
- 13.15 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:
- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by not less than a clear majority of the Eligible Persons voting

thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;

- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than a clear majority in aggregate of the Principal Amount Outstanding of the relevant Class of Notes, which 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 Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes.

13.16 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Notes:

- (a) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than 75 per cent. of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll;
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes, which 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 Noteholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders of not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes.

13.17 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

13.18 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Residual Certificates represented by such Voting Certificate.

13.19 "**Block Voting Instruction**" means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and

- (ii) the Notes and/or the Residual Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Residual Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Residual Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Residual Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Residual Certificates so listed in accordance with the instructions referred to in Condition 13.19(c) above as set out in such Block Voting Instruction, **provided that** no such person shall be named as a proxy:
 - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

13.20 For the purposes of this Condition 13:

"**24 hours**" means a period of 24 hours including all or part of a day (disregarding for this purpose the day upon which such meeting is to be held) upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

"**48 hours**" means two consecutive periods of 24 hours.

13.21 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

13.22 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Note Trustee may require, and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, **provided that** the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) or that would otherwise be appropriate for a single purpose vehicle incorporated for such purposes as the Issuer in its jurisdiction of incorporation (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Condition 13.22, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in

law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders of each Class.

14. **INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*: (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustees for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents; (b) to exercise and enforce their rights, comply with their obligations and perform their duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. **REPLACEMENT OF NOTES**

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. **NOTICE TO NOTEHOLDERS**

16.1 **Publication of Notice**

- (a) While the Notes are represented by Global Notes, the Issuer or the Note Trustee shall deliver any notice to Noteholders to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (b) Subject to Condition 16.1(a) above, any notice to Noteholders may also be validly given if published, at the option of the Issuer, in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, **provided that** if, at any time: (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a "**Relevant Screen**"); or (ii) Condition 16.1(a) above applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.
- (c) In respect of Definitive Notes, notices to Noteholders will be sent to them by: (i) email; or (ii) first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail, at the respective email addresses or addresses (as the case may be) on the Register. Any such notice sent by post will be deemed to have been given on the fourth day after the date of posting and any notice sent by email shall be deemed to have been given at the time of dispatch **provided that** in the case of a notice given by email a confirmation of receipt is received by the sending party.

- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

16.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and **provided that** notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

17. REPLACEMENT NOTES

If the Issuer Substitution Condition is satisfied in accordance with these Conditions and the Trust Deed, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes ("**Replacement Notes**") to replace one or more Classes of Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the Class of Notes which it replaces.

18. SUBORDINATION BY DEFERRAL

18.1 Interest

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 18, include any interest previously deferred under this Condition 18.1 and payable in respect of the Collateralised Rated Notes (other than the Most Senior Class of Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments), then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the Notes (other than the Most Senior Class of Notes), to the extent only of any insufficiency of funds. The Issuer shall not be entitled to such deferral on an Interest Payment Date which is the Final Maturity Date or any other Interest Payment Date on which the Notes are to be redeemed in full. No such deferral shall result in the occurrence of an Event of Default until the Final Maturity Date.

18.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 18.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions.

18.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes (other than the Most Senior Class of Notes) will be deferred, or that a payment previously deferred will be made, in each case in accordance with this Condition 18, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*).

Any deferral of interest in accordance with this Condition 18 will not constitute an Event of Default. The provisions of this Condition 18 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are to be redeemed in full or, are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

19. NON-RESPONSIVE RATING AGENCY

- 19.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Collateralised Rated Notes and any of the Transaction Documents, the Note Trustee

and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the Rating Agencies that the then current ratings of the Collateralised Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").

19.2 If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:

- (a) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
- (b) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate (upon which certification the Note Trustee and the Security Trustee shall be entitled to rely absolutely and without enquiry or liability) signed by a director certifying and confirming that each of the events in paragraphs 19.2(a)(A) or (B) and 19.2(b) above has occurred.

20. JURISDICTION AND GOVERNING LAW

20.1 Jurisdiction

- (a) Subject to Condition 20.1(b) below, the Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Residual Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) This Condition 20.1 is for the benefit of the Note Trustee and Security Trustee only. As a result, and notwithstanding Condition 20.1(a) above, this Condition does not prevent the Note Trustee and/or the Security Trustee taking proceedings relating to any dispute in any other courts with jurisdiction. Further, to the extent allowed by law, the Note Trustee and/or the Security Trustee may take concurrent proceedings in any number of jurisdictions.

20.2 Governing Law

The Transaction Documents, the Notes, the Residual Certificates and these Conditions (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 (save that aspects relating to Scottish Mortgage Loans and their Related Security will be construed in accordance with Scots law and the Scottish Declaration of Trust granted pursuant to the Mortgage Sale Agreement and the Scottish Supplemental Charge and any Scottish Sub-Security granted pursuant to the Deed of Charge will be governed by Scots law).

21. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE RESIDUAL CERTIFICATES

The following are the terms and conditions of the Residual Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The 101 RC1 residual certificates (the "**RC1 Residual Certificates**") and the 101 RC2 residual certificates (the "**RC2 Residual Certificates**" and, together with the RC1 Residual Certificates, the "**Residual Certificates**") of Twin Bridges 2023-2 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 20 November 2023 (the "**Closing Date**") and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the registered holders for the time being of the Residual Certificates (the "**Certificateholders**") (the "**Note Trustee**"). Any reference in these residual certificates terms and conditions (the "**Residual Certificates Conditions**") to a "**Class**" of Notes or of "**Noteholders**" shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class Z Notes, as the case may be, or to the respective holders thereof. The security for the Residual Certificates is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or around the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), Elavon Financial Services DAC as registrar (in such capacity, the "**Registrar**") and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of amounts in respect of the Residual Certificates.

The statements in these Residual Certificates Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a incorporated terms memorandum (the "**Incorporated Terms Memorandum**") entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Incorporated Terms Memorandum and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the Principal Paying Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Residual Certificates Conditions shall bear the meanings given to them in the Incorporated Terms Memorandum available as described above.

2.2 Interpretation

These Residual Certificates Conditions shall be construed in accordance with the principles of construction set out in the Incorporated Terms Memorandum.

3. FORM AND TITLE

3.1 Form and Denomination

Each RC1 Residual Certificate and RC2 Residual Certificate will initially be represented by a global residual certificate in registered form (a "**Global Residual Certificate**").

For so long as any of the Residual Certificates are represented by a Global Residual Certificate, transfers and exchanges of beneficial interests in such Global Residual Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time

of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. The Global Residual Certificate will be deposited with and registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg.

A Global Residual Certificate will be exchanged for the relevant Residual Certificate in definitive registered form (such exchanged Global Residual Certificate in definitive registered form, a "**Definitive Residual Certificate**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Residual Certificate and do in fact do either of those things,and in either case no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which become effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Residual Certificates which would not be required were the relevant Residual Certificates in definitive registered form.

If Definitive Residual Certificates are issued in respect of Residual Certificates originally represented by a Global Residual Certificate, the beneficial interests represented by such Global Residual Certificate shall be exchanged by the Issuer for the relevant Residual Certificates in registered definitive form.

Definitive Residual Certificates will be serially numbered and will be issued in registered form only.

References to "**Residual Certificates**" in these Residual Certificates Conditions shall include the Global Residual Certificate and the Definitive Residual Certificates.

3.2 Title

Title to the Global Residual Certificate shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Residual Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Residual Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to Definitive Residual Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Residual Certificates may be transferred upon the surrender of the relevant Definitive Residual Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Residual Certificates are subject to any restrictions on transfer set out in the Definitive Residual Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Residual Certificate to be issued upon transfer of such Definitive Residual Certificate will, within five Business Days of receipt and surrender of such Definitive Residual Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Residual Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Residual Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND SECURITY

4.1 Status of the Residual Certificates

The Residual Certificates constitute direct, secured and (subject to the limited recourse provision in Residual Certificates Condition 11.3 (*Limited Recourse*)) unconditional obligations of the Issuer, and represent: (i) in the case of the majority holder of the RC1 Residual Certificates the right (but not the obligation) to purchase the Mortgage Portfolio from the Issuer following the Interest Payment Date immediately preceding the Optional Redemption Date; and (ii) in the case of the RC2 Residual Certificates, the Issuer's obligation to pay further consideration for its purchase of the Mortgage Portfolio, consisting of the RC2 Payments. The RC2 Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC2 Payments. RC2 Payments will be made subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments, Pre-Enforcement Redemption Priority of Payments and Post-Enforcement Priority of Payments.

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of Certificateholders as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee (acting on the instructions of the Note Trustee) where there is a conflict of interests between one or more Classes of Notes and/or the Residual Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the Most Senior Class of Notes for so long as there are any Notes outstanding and, if there are no Notes outstanding, to have regard (except as expressly provided otherwise), prior to (but excluding) the Optional Redemption Date, to the RC2 Certificateholders (except in relation to the Portfolio Call Option, where the Note Trustee and the Security Trustee shall have regard solely to the interests of the RC1 Certificateholders).

4.2 Security

The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Certificateholders (in whichever capacity under the Transaction) and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

The Certificateholders (in whichever capacity under the Transaction) and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

"**Transaction**" means: (i) the purchase by the Issuer of the Mortgage Loans; and (ii) the issuance of the Notes and Residual Certificates by the Issuer, in accordance with the Transaction Documents and the Prospectus.

5. ISSUER COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Residual Certificates Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Residual Certificate remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;

- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Account, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Residual Certificates:** purchase or otherwise acquire any Residual Certificates;
- (k) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006 (as amended);
- (l) **VAT:** apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the Value Added Tax (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same; or
- (m) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. RC2 PAYMENTS

6.1 Right to RC2 Payments

Each RC2 Residual Certificate represents a *pro rata* entitlement to receive RC2 Payments by way of further consideration for the purchase by the Issuer of the Mortgage Portfolio. No payments will be due in respect of the RC1 Residual Certificates.

6.2 Payment

An RC2 Payment shall (to the extent the RC2 Payment for such date is determined in accordance with these Residual Certificates Conditions to be greater than zero) be payable in respect of the RC2 Residual Certificates on each Interest Payment Date and each date on which amounts are to be applied in accordance with the applicable Priority of Payments.

- (a) **"Interest Payment Date"** means each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.
- (b) **"RC2 Payment"** means:
 - (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date, the amount (if any) by which the Available Revenue Receipts exceed the amounts required to satisfy items (a) to (s) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
 - (ii) following the delivery of an Enforcement Notice, in respect of each date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceed the amounts required to satisfy items (a) to (p) of the Post-Enforcement Priority of Payments on that date.
- (c) **"RC2 Payment Amount"** means, on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the RC2 Payment for that date, divided by the number of RC2 Residual Certificates then in issue.

6.3 Determination of RC2 Payment

The Cash Manager shall on each Calculation Date determine the RC2 Payment payable on the immediately following Interest Payment Date and the RC2 Payment Amount payable in respect of each RC2 Residual Certificate on such Interest Payment Date.

6.4 Publication of RC2 Payment and RC2 Payment Amount

The Cash Manager shall cause the RC2 Payment and RC2 Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

6.5 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Residual Certificates Condition 6, whether by the Cash Manager or the Note Trustee, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager, the Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Residual Certificates Condition 6.

6.6 Termination of Payments

Following the redemption in full of the Notes, the realisation of the Charged Assets and payment of the proceeds of realisation in accordance with the applicable Priority of Payments, no more RC2 Payments will be made by the Issuer and the Residual Certificates shall be cancelled.

7. PAYMENTS

7.1 Payment of RC2 Payment Amounts

Subject to the second paragraph of Residual Certificates Condition 3.1 (*Form and Denomination*), payments of RC2 Payment Amounts shall be made by credit or transfer to an account in sterling maintained by the payee.

7.2 Laws and Regulations

Payments of any RC2 Payment Amounts are subject, in all cases to: (i) any fiscal or other laws and regulations applicable thereto; and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Certificateholders will not be charged commissions or expenses on payments.

7.3 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, **provided that** there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Ireland or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

7.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Residual Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Residual Certificates Condition 7.4, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. TAXATION

All payments of RC2 Payment Amounts by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of RC2 Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Residual Certificates Condition 9, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date

on which the full amount of such monies is received, and notice to that effect is duly given to the relevant Certificateholders in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

10. EVENTS OF DEFAULT

10.1 Residual Certificates

The Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if so directed in writing by the holders of at least 25 per cent. in number of the RC2 Residual Certificates or if so directed by an Extraordinary Resolution of the RC2 Certificateholders shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an "**Enforcement Notice**") to the Issuer that any RC2 Payments pursuant to the RC2 Residual Certificates are immediately due and payable in any of the following events (each, an "**Event of Default**") with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Seller, the Servicer, the Issuer Account Bank and the Cash Manager:

- (a) if default is made in the payment of any amount due in respect of the RC2 Residual Certificates and the default continues for a period of five days from the due date for payment; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the RC2 Residual Certificates Conditions or any Transaction Document to which it is a party which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the Certificateholders and the failure continues for a period of 30 days (following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied), except in any case where the Note Trustee considers the failure to be incapable of remedy, in which case no continuation or notice as is aforementioned will be required; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the Certificateholders and the matters giving rise to such misrepresentation are not remedied within a period of 15 days (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders; or
- (e) if: (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Certificateholders; or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities); or (iii) the Issuer is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged or within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other

similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Residual Certificates Condition 10.1 (*Residual Certificates*), any RC2 Payments pursuant to the RC2 Residual Certificates shall thereby immediately become due and payable.

11. ENFORCEMENT

11.1 General

The Note Trustee may, at any time, at its discretion and without notice and in such manner as it thinks fit, take such proceedings, actions and/or steps or direct the Security Trustee to take such proceedings, actions and/or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Residual Certificates or the Trust Deed (including these Residual Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Note Trustee may, at its discretion and without notice, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless, following redemption of the Notes in full:

- (a) the Note Trustee shall have been so directed by an Extraordinary Resolution of the RC2 Certificateholders or directed in writing by the holders of at least 25 per cent. in number of the Residual Certificates; and
- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

Other than as provided in Residual Certificates Condition 11.2 (*Limitations on Enforcement*), no Certificateholder may proceed directly against the Issuer.

11.2 Limitations on Enforcement

No Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Residual Certificates Conditions or any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, **provided that** no Certificateholder shall be entitled to take any steps or proceedings to procure the winding up, administration or liquidation of the Issuer. Any proceeds received by a Certificateholder pursuant to any such proceedings should be paid to the Note Trustee promptly following receipt thereof for application pursuant to the applicable Priorities of Payment.

11.3 Limited Recourse

Notwithstanding any other Residual Certificates Condition or any provision of any Transaction Document, all obligations of the Issuer to the Certificateholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the "**Charged Assets**"). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;

- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay, in accordance with the provisions of the Deed of Charge, any further amounts under the Residual Certificates (including payments of RC2 Payment Amounts),

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Residual Certificates (including, for the avoidance of doubt, payments of RC2 Payment Amounts in respect of the RC2 Residual Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Residual Certificates and any further payment rights shall be extinguished.

12. MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class, and the Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Residual Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.

12.2 For the purposes of these Residual Certificates Conditions, "Most Senior Class of Notes" means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Collateralised Rated Notes then outstanding, the Class Z Notes.

12.3 Limitations on other Noteholders and Certificateholders

- (a) Subject as provided in Residual Certificates Conditions 12.3(a)(i) and 12.3(c) below:
 - (i) subject to Residual Certificates Conditions 12.3(a)(ii) and (iii) below, a resolution passed at any meeting of the holders of the Most Senior Class of Notes shall be binding on all other Classes of Noteholders and the holders of the Residual Certificates irrespective of the effect it has upon them;
 - (ii) subject to Residual Certificates Condition 12.3(a)(iii) below, a resolution passed at any meeting of a relevant Class of Noteholders shall be binding on: (A) such Noteholders and all other Classes of Noteholders ranking junior to the Most Senior Class of Notes in each case; and (B) the Residual Certificates, in each case irrespective of the effect it has upon them; and
 - (iii) subject to Residual Certificates Condition 12.3(c) below, no resolution of any Class of Noteholders or the Certificateholders shall take effect for any purpose while all Notes ranking in priority thereto remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes.
- (b) Subject as provided in Residual Certificates Condition 12.3(c) below, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of Notes of only one Class or the Residual Certificates only, shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution passed by way of Written Resolutions or by electronic consents received through the relevant Clearing System(s)) of the holders of that Class of Notes so affected or the Residual Certificates.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or the Residual Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Residual Certificates shall take effect unless it has been sanctioned by

an Extraordinary Resolution of the holders of each Class of Notes then outstanding and the holders of the Residual Certificates then in issue, in each case only if such Class or the Residual Certificates are affected by such Basic Terms Modification.

12.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Certificateholders for passing an Ordinary Resolution will be one or more persons holding or representing in the aggregate not less than 25 per cent. in number of the Residual Certificates then in issue.
- (b) Subject as provided below, the quorum at any meeting of Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing in the aggregate not less than 50 per cent. in number of the Residual Certificates then in issue.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Residual Certificates passing an Extraordinary Resolution to: (i) sanction a modification of the date of maturity of any Class of Notes; (ii) sanction a modification of the date of payment of principal, interest or any other amount in respect of any Class of Notes, or, where applicable, of the method of calculating the date of payment of principal, interest or any other amount in respect of any Class of Notes or of the method of calculating the date of payment in respect of the Residual Certificates, except in accordance with Condition 13.6(e) in relation to any Base Rate Modification, and/or Condition 13.6(f) in relation to any Swap Rate Modification (as defined therein); (iii) sanction a modification of the amount of principal, the rate of interest or any other amount payable in respect of any Class of Notes, or the priority of the payment of such amount, or where applicable, of the method of calculating the amount payable of any principal, interest or any other amount payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of the Residual Certificates or a modification or addition of any other amount payable ranking ahead of or *pari passu* with any Class of Notes or Residual Certificates, except in accordance with Condition 13.6(e) in relation to any Base Rate Modification and/or Condition 13.6(f) in relation to any Swap Rate Modification (as defined therein); (iv) alter the currency in which payments under any Class of Notes or Residual Certificates are to be made; (v) alter the quorum or majority required in relation to this exception; (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or the Residual Certificates; (vii) sanction any waiver of any proposed or actual breach of any of the covenants (including any Event of Default or Potential Event of Default) or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto which would have the effect of any of the foregoing; (viii) make any change to the definition of a Basic Terms Modification; or alter any of the provisions contained in this exception (each a "**Basic Terms Modification**"), shall be one or more persons holding or representing in the aggregate not less than 75 per cent. in number of the Residual Certificates then in issue. Any Extraordinary Resolution in respect of a Basic Terms Modification shall only be effective if duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant Clearing System(s)) of each (if affected) Certificateholder in accordance with the Residual Certificates Conditions.
- (d) The quorum at any adjourned meeting shall be:
 - (i) for an Ordinary Resolution, one or more persons present and holding or representing in the aggregate not less than ten per cent. of (i) the Principal Amount Outstanding of the Notes of such Class then outstanding or (ii) the number of any Residual Certificates then in issue;
 - (ii) (other than in relation to a Basic Terms Modification) for an Extraordinary Resolution one or more persons present and holding or representing in the aggregate not less than 25 per cent. of (i) the Principal Amount Outstanding of the Notes of such Class then outstanding or (ii) the number of any of the Residual Certificates then in issue; and

- (iii) (in respect of a Basic Terms Modification) one or more persons present and holding or representing in the aggregate not less than 75 per cent. in number of any of the Residual Certificates then in issue.

- 12.5 The Note Trustee may at any time and from time to time, only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) and in respect of any modification in connection with the Deed Poll and the Portfolio Call Option granted therein, with the written consent of the Portfolio Call Option Holder, but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties and may direct the Security Trustee to agree with the Issuer and any other parties in making or sanctioning any modification:
 - (a) (except in the case of a Basic Terms Modification) to these Residual Certificates Conditions, the Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders of each Class and the interests of the Certificateholders); or
 - (b) to these Residual Certificates Conditions, the Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee such modification is of a formal, minor or technical nature or is made to correct a manifest error.

- 12.6 Other than in relation to a Basic Terms Modification, the Note Trustee may, and may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders the Portfolio Call Option Holder or the other Secured Creditors (but without affecting the rights of such other Secured Creditors) and without prejudice to its rights in respect of any further or other breach, from time to time and at any time, but only if and insofar as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders of each Class and the interests of the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach (including any Event of Default or Potential Event of Default) of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Residual Certificates Conditions or any of the Transaction Documents by any party thereto, provided that the Note Trustee shall not exercise any powers conferred on it by this Residual Certificates Condition 12.6 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes or by a direction under Residual Certificates Condition 10 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.

- 12.7 Any such modification, waiver, authorisation or determination by the Note Trustee, in accordance with the Conditions, these Residual Certificates Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Residual Certificates Condition 15 (*Notice to Certificateholders*).

- 12.8 Any modification to the Transaction Documents shall be notified by the Issuer in writing to the Rating Agencies (other than any modification which in the opinion of the Note Trustee: (i) will not be materially prejudicial to the interests of the Noteholders of each Class and the interest of Certificateholders; or (ii) is of a formal, minor or technical nature or is made to correct a manifest error).

- 12.9 In connection with any such substitution of principal debtor referred to in Condition 8.5 (*Mandatory Redemption for Taxation or Other Reasons*) or the Residual Certificates Condition 12.19 (*Issuer Substitution Condition*), the Note Trustee may agree (and may direct the Security Trustee to also agree), without the consent of the Certificateholders or the Secured Creditors, to a change of the laws governing the Residual Certificates, these Residual Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders of each Class (or if there are no Notes then outstanding, the interests of the Certificateholders).

- 12.10 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Residual Certificates Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee (acting on the instructions of the Note Trustee) is required to have regard to the interests of the Certificateholders, it shall: (i) have regard to the general interests of the Certificateholders but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee (acting on the instructions of the Note Trustee) shall not be entitled to require, nor shall any Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders; and (ii) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Residual Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Residual Certificates in any such case to have regard (except as expressly provided otherwise), prior to (but excluding) the Optional Redemption Date, to the RC1 Certificateholders and, thereafter, to the RC2 Certificateholders.
- 12.11 Other than in respect of any matter requiring an Extraordinary Resolution, Certificateholders are required to vote by way of an Ordinary Resolution.
- 12.12 "**Ordinary Resolution**" means:
- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the Residual Certificates Conditions by not less than a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll;
 - (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than a clear majority in number of the Residual Certificates then in issue, which 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 Certificateholders; or
 - (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Certificateholders of not less than a clear majority in number of the Residual Certificates then in issue.
- 12.13 "**Extraordinary Resolution**" means:
- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the Residual Certificates Conditions by a majority consisting of not less than 75 per cent. of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll;
 - (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than 75 per cent. in number of the holders of the Residual Certificates, which 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 Certificateholders; or
 - (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Certificateholders of not less than 75 per cent. in number of the holders of the Residual Certificates then in issue.
- 12.14 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

12.15 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Residual Certificates represented by such Voting Certificate.

12.16 "**Block Voting Instruction**" means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof the Notes and/or Residual Certificates (not being the Notes and/or Residual Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Residual Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Residual Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Residual Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Residual Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Residual Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Residual Certificates so listed in accordance with the instructions referred to in Residual Certificates Condition 12.16(c) above as set out in such Block Voting Instruction, **provided that** no such person shall be named as a proxy:
 - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

12.17 For the purposes of this Residual Certificates Condition 12:

"**24 hours**" means a period of 24 hours including all or part of a day (disregarding for this purpose the day upon which such meeting is to be held) upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

"**48 hours**" means two consecutive periods of 24 hours.

12.18 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Issuer.

12.19 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Residual Certificates Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Residual Certificates and in respect of the other Secured Obligations, **provided that** the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Residual Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Residual Certificates Condition 5 (*Issuer Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this Residual Certificates Condition 12.19, the Note Trustee may in its absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Residual Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Certificateholders.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or prefunded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustees for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce their rights, comply with their obligations and perform their duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. REPLACEMENT OF RESIDUAL CERTIFICATES

If any Residual Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Residual Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Residual Certificate must be surrendered before a new one will be issued.

15. NOTICE TO CERTIFICATEHOLDERS

15.1 Publication of Notice

- (a) While the Residual Certificates are represented by a Global Residual Certificate, the Issuer or the Note Trustee shall deliver any notice to Certificateholders to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.
- (b) Any notice to Certificateholders may also be validly given if published, at the option of the Issuer, in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, **provided that** if, at any time: (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Certificateholders (in each case a "**Relevant Screen**"); or (ii) Residual Certificates Condition 15.1(a) above applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.
- (c) In respect of Definitive Residual Certificates, notices to Certificateholders will be sent to them by: (i) email; or (ii) first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail, at the respective email addresses or addresses (as the case may be) on the Register. Any such notice sent by post will be deemed to have been given on the fourth day after the date of posting and any notice sent by email shall be deemed to have been given at the time of dispatch **provided that** in the case of a notice given by email a confirmation of receipt is received by the sending party.

15.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Residual Certificates are then quoted and/or traded and **provided that** notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

16. REPLACEMENT RESIDUAL CERTIFICATES

If the Issuer Substitution Condition is satisfied, the Issuer may, without the consent of the Certificateholders, issue replacement residual certificates to replace the Residual Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Residual Certificates which they replace.

17. JURISDICTION AND GOVERNING LAW

17.1 Jurisdiction

- (a) Subject to Residual Certificates Condition 17.1(b) below, the Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Residual Certificates and/or the Transaction Documents may be brought in such Courts.

- (b) This Residual Certificates Condition 17.1 is for the benefit of the Note Trustee and Security Trustee only. As a result, and notwithstanding Residual Certificates Condition 17.1(a) above, this Condition does not prevent the Note Trustee and/or the Security Trustee taking proceedings relating to any dispute in any other courts with jurisdiction. Further, to the extent allowed by law, the Note Trustee and/or the Security Trustee may take concurrent proceedings in any number of jurisdictions.

17.2 Governing Law

The Transaction Documents, the Notes, the Residual Certificates and these Residual Certificates Conditions (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 (save that aspects relating to Scottish Mortgage Loans and their Related Security will be construed in accordance with Scots law and the Scottish Declaration of Trust granted pursuant to the Mortgage Sale Agreement and the Scottish Supplemental Charge and any Scottish Sub-Security granted pursuant to the Deed of Charge will be governed by Scots law).

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Residual Certificates or these Residual Certificates Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TAXATION

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest in respect of the Notes. It is based on the Issuer's understanding of current United Kingdom law and the published practice of HM Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments of interest in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

United Kingdom Withholding Tax

The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA 2007") for the purposes of section 987 of the ITA 2007. While such Notes are and continue to be quoted Eurobonds, payments of interest on those Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

Euronext Dublin is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Regulated Market of Euronext Dublin are regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Notes (if applicable) may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC, pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" which may prevail under any other law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 13.22 (*Issuer Substitution Condition*) or otherwise and does not consider the tax consequences of any such substitution.

Foreign Account Tax Compliance Act

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 may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements ("**IGAs**") with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. 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 Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, 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 Securities, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

Other Taxation

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a draft Directive for a common proposed financial transactions tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal the 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.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

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.

ERISA CONSIDERATIONS FOR INVESTORS

The Notes (and interests therein) may not be acquired by, or on behalf of, a "Benefit Plan Investor" (as defined below) or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") ("**Similar Law**"). A "**Benefit Plan Investor**" is defined as: (i) any "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the fiduciary responsibility provisions of Title I of ERISA; (ii) any "plan" as defined in Section 4975(e)(1) of the Code, to which Section 4975 of the Code applies, or (iii) an entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity under U.S. Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101), as modified by Section 3(42) of ERISA. Each purchaser and transferee of the Notes (or any interest therein), shall be deemed to represent, warrant and agree that it is not, and is not acting on behalf of (and for so long as it holds the Notes or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan subject to Similar Law.

SUBSCRIPTION AND SALE

Deutsche Bank AG, London Branch ("DB", a "Joint Arranger" and a "Joint Lead Manager"), Lloyds Bank Corporate Markets plc ("Lloyds", a "Joint Arranger" and a "Joint Lead Manager"), BNP Paribas ("BNPP", and a "Joint Lead Manager"), BofA Securities ("BofA" and a "Joint Lead Manager"), National Australia Bank Limited ("NAB" and a "Joint Lead Manager"), NATIXIS ("NATIXIS" and a "Joint Lead Manager") and together with DB, Lloyds, BNPP, BofA and NAB the "Joint Lead Managers" and each a "Joint Lead Manager" and the Seller have, pursuant to a subscription agreement dated on or about the Closing Date between, among others, the Seller, the Joint Arrangers, the Joint Lead Managers, the Co-Manager and the Issuer (the "Subscription Agreement"), agreed with the Issuer (subject to certain conditions) to subscribe, or procure subscription, and pay for:

- (a) in the case of the Joint Lead Managers:
 - (i) £384,532,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
 - (ii) £27,156,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
 - (iii) £14,121,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes; and
 - (iv) £8,689,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes;
- (b) in the case of the Seller:
 - (i) £20,239,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
 - (ii) £1,430,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
 - (iii) £744,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes;
 - (iv) £458,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes; and
 - (v) £5,718,000 of the Class Z Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class Z Notes,

respectively as at the Closing Date.

On the Closing Date, the Issuer will also issue the Residual Certificates to the Seller as further consideration for the Issuer's purchase of the Mortgage Portfolio.

The Issuer has agreed to indemnify the Joint Arrangers, the Joint Lead Managers and the Co-Manager against certain liabilities in connection with the issue of the Notes.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager and the Co-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. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) MiFID II; or
- (b) a customer within the meaning of 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; or
- (c) not a qualified investor as defined in the Prospectus Regulation.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia (the "**Corporations Act**") in relation to the Notes has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory authority in Australia.

Each Joint Lead Manager and the Co-Manager has represented, warranted and agreed in the Subscription Agreement that it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of, any Notes in, to or from Australia; and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive offering memorandum, offering circular, advertisement or other offering material relating to the Notes or any sale of the Notes in Australia, unless:
 - (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding monies lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act and complies with the terms of any authority granted under the Banking Act 1959 (Cth) of Australia;
 - (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
 - (iii) such action complies with all applicable laws, regulations and directives (including an offer or invitation which is received by a person in Australia); and
 - (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the Joint Lead Managers, each prospective investor to whom the Notes are issued (an "**Investor**"):

- (a) will be deemed by the Issuer and each of the Joint Lead Managers to have acknowledged that if any Investor on-sells the Notes within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - (i) that sale is to an investor within one of the categories set out in section 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Notes in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - (ii) the sale offer is received outside Australia; and
- (b) will be deemed by the Issuer and each of the Joint Lead Managers to have undertaken not to sell those Notes in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Note.

This Prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of any Notes in Australia.

Belgium

This Prospectus has not been submitted for approval to the Belgian Financial Services and Markets Authority and, accordingly, no Notes may be distributed in Belgium by way of a public offering, as defined in the law of 16 June 2006, as amended, on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

France

Each Joint Lead Manager and the Co-Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to: (a) providers of investment services in relation to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*, as amended from time to time, and any other applicable French law and regulation.

This Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

Ireland

Each Joint Lead Manager and the Co-Manager has represented, warranted and agreed that:

- (a) it will not underwrite the issue of, or place the Notes and Residual Certificates, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the "**MiFID Regulations**") including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the MiFID Regulations, any applicable codes of conduct or rules and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland, Regulation (EU) No 600/2014, as amended, and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 of Ireland, as amended;
- (b) it will not underwrite the issue of, or place, the Notes and Residual Certificates otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland, as amended, the Central Bank Acts 1942 to 2018 of Ireland (as amended) and any codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended, or any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 of Ireland, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes and Residual Certificates otherwise than in conformity with the provisions of the EU Prospectus Regulation, the European Union (Prospectus) Regulations 2019 (S.I. No. 380/2019), and any rules issued under Section 1363 of the Companies Act 2014 of Ireland, as amended, by the Central Bank of Ireland; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes and Residual Certificates, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU/596/2014), as amended, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland, as amended, (S.I. No 349 of 2016) and any Irish market abuse law as defined in those Regulations and the Companies Act 2014 of Ireland, as amended, and any rules made or guidance issued by the Central Bank of Ireland in connection with the foregoing, including any rules or guidelines issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014 of Ireland, as amended.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended, the "**FIEA**") and, accordingly, each Joint Lead Manager and the Co-Manager has represented and agreed that it has not directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means

any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes is not registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities and exchange commission) pursuant to Italian securities legislation and, accordingly, under the Subscription Agreement each of the Issuer, the Joint Lead Managers and the Co-Manager has represented and agreed that it has not offered, sold or distributed, and will not offer, sell or distribute, any of the relevant Notes or any offering material relating to the Notes in the Republic of Italy by means of an offer to the public of financial products under the meaning of article 1, paragraph 1, letter t) of the Italian Legislative Decree no. 58 of 24 February 1998 (as amended, the "**Consolidated Financial Act**") unless an exemption applies. Accordingly, the Notes shall only be offered, sold or delivered and copies of any offering material relating to the Notes may only be distributed in Italy:

- (a) to "qualified investors" (*investitori qualificati*) as defined in the Prospectus Regulation pursuant to article 100 of the Consolidated Financial Act and article 34-ter, paragraph 1, letter (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended (the "**CONSOB Regulation**"); or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under the Prospectus Regulation, article 100 of the Consolidated Financial Act and article 34-ter of the CONSOB Regulation and applicable Italian laws.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or any offering material relating to the Notes in the Republic of Italy under paragraph (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Act, Legislative Decree No. 385 of 1 September 1993 as amended (the "**Consolidated Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended and any other applicable laws and regulations;
- (ii) in compliance with article 129 of the Consolidated Banking Act pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy (as amended from time to time); and
- (iii) in accordance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls, laws and regulations and any limitations which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-*bis* of the Consolidated Financial Act may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Consolidated Financial Act applies.

Singapore

Each Joint Lead Manager and the Co-Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager and the Co-Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore, as modified or amended from time to time), the "SFA") pursuant to Section 274 of the SFA; or
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA,

otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Spain

Each Joint Lead Manager and the Co-Manager has represented and agreed that it has only made and will only make an offer of Notes to the public (*oferta pública*) in Spain in the period beginning on the date of notification of the approval of this Prospectus in relation to the Notes by the Central Bank of Ireland to the *Comisión Nacional del Mercado de Valores* (CNMV) in Spain, in accordance with the Recast Text of Securities Market Law (*Texto Refundido de la Ley del Mercado de Valores*) approved by the Royal Decree Legislative 4/2015, of 23 October ("**TRLMV**"), Royal Decree 1310/2005, of 4 November, developing partially the Securities Market Law as regards admission to listing on official secondary markets, public offers and the prospectus required thereto and the regulations made thereunder, and ending at the latest on the date which is 12 months after the date of the approval of the Prospectus.

The Notes may not be offered or sold in Spain other than by institutions authorised under the TRLMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies, to provide investment services in Spain, and in compliance with the provisions of the TRLMV and any other applicable legislation.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective

Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g. the Swiss Financial Markets Supervisory Authority (FINMA) and investors in the Notes will not benefit from protection or supervision by such authority.

United Kingdom

Each Joint Lead Manager and the Co-Manager has represented to and agreed 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 any 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.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager and the Co-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 UK. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression "an 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 for the Notes.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or any other relevant jurisdiction of the United States and therefore may not be offered, sold, resold or otherwise transferred, directly or indirectly within the United States or to, or for the account or benefit of, "U.S. persons" (as defined under Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Notes are being offered outside the United States in "offshore transactions" to persons other than "U.S. persons" (each as defined in Regulation S).

The Joint Lead Managers and the Co-Manager have each agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution or at any time or otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the "**distribution compliance period**") within the United States or to, or for the account or benefit of U.S. persons and, it will have sent to each affiliate or other dealer (if any) 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. Terms used in this paragraph have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale

of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Offers and sales of the Notes within the United States or to U.S. persons are further restricted as specified in "*Transfer Restrictions and Investor Representations*".

Except with the prior written consent of Paratus and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes and the Residual Certificates offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules.

General

Other than admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on the Regulated Market of Euronext Dublin, no action has been taken by the Issuer, the Joint Arrangers, the Joint Lead Managers, the Co-Manager or the Seller that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers, the Co-Manager and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

To the extent that it would not contravene any undertakings made by the Seller in the Mortgage Sale Agreement, the Seller has undertaken that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase or sale by it of the Class Z Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will, to the best of its knowledge and belief, comply with all such laws and regulations, **provided that** the Seller shall not be liable for any loss arising from the sale of the Class Z Notes to any person believed in good faith by the Seller, on reasonable grounds and after making reasonable investigations, to be a person to whom the Class Z Notes could legally be sold or to whom any material could lawfully be given in compliance with the above restrictions and requirements.

The Joint Arrangers, each of the Joint Lead Managers and the Co-Manager have acknowledged that the Notes (and interests therein) may not be purchased or held by, or on behalf of, a Benefit Plan Investor, or any governmental, church or non-U.S. plan which is subject to Similar Law, and each purchaser and transferee of such Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and is not acting on behalf of (and for so long as it holds such Notes or any interest therein will not be, and will not be acting on behalf of), such a Benefit Plan Investor or governmental, church or non-U.S. plan subject to Similar Law.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of U.S. Persons (as defined in Regulation S), except pursuant to an exemption from such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes and Residual Certificates and any subsequent transferee of the Notes and Residual Certificates (which term for the purposes of this section will be deemed to include any interests in the Notes and Residual Certificates, including Book-Entry Interests) will be deemed to have acknowledged, represented and agreed as follows:

- (a) if the purchaser purchased the Notes or Residual Certificates during the initial syndication thereof, the purchaser (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Waiver, (2) is acquiring such Note or Residual Certificate, or beneficial interest therein, for its own account and not with a view to distributing such Notes or Residual Certificates and (3) is not acquiring such Note or Residual Certificate, or beneficial interest therein, as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note or Residual Certificate through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules);
- (b) 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, sold, pledged or otherwise transferred in the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S) unless registered under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and, in each case, only in accordance with any applicable securities laws of any state or other jurisdiction of the United States. If the purchaser is purchasing the Notes within the period beginning on the later of the commencement of the offering of the Notes and the closing of the offering of the Notes and ending 40 days thereafter (the "**distribution compliance period**"), such purchaser is not a U.S. Person (as defined in Regulation S) and is not acquiring the Notes for the account or benefit of such a U.S. Person;
- (c) unless the relevant legend set out below has ceased to be effective from the Notes such purchaser shall notify each transferee of Notes (as applicable) from it that: (i) such Notes have not been registered under the Securities Act; (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above; (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;
- (d) on each day from the date on which the purchaser or transferee acquires such Notes (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Notes (or its interests therein), it is not, and is not acting on behalf of (and for so long as it holds such Notes or any interest therein will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to Similar Law;
- (e) the purchaser will promptly: (i) inform the Issuer if, during any time it holds a Note, there shall be any change in the acknowledgements, representations and agreements contained above or if they shall become false for any reason; and (ii) deliver to the Issuer such other representations and agreements as to such matters as the Issuer may, in the future, request in order to comply with applicable law and the availability of any exemption therefrom; and
- (f) the Issuer, the Registrar, the Joint Lead Managers, the Joint Arrangers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that the purchaser will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement.

The Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries, and that those participants may further disclose to the Issuer the names and positions of holders of its securities.

Each Purchaser understands that (i) the sale of the Notes (including interests therein represented by a Global Note, Definitive Note or a Book-Entry Interest) is to be made in reliance on Regulation S, and (ii) the Notes (including interests therein represented by a Global Note, Definitive Note or a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legends set forth below:

The Notes bear a legend substantially in the form below:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, 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 REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

THE FOREGOING PARAGRAPH SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

EACH PURCHASER AND HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN) SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED BY SUCH PURCHASE AND/OR HOLDING THAT: IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"). THE TERM "**BENEFIT PLAN INVESTOR**" SHALL MEAN: (I) ANY "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA, WHICH IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF TITLE I OF ERISA; (II) ANY "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE CODE, TO WHICH SECTION 4975 OF THE CODE APPLIES; OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101), AS MODIFIED BY SECTION 3(42) OF ERISA."

Due to the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

It is expected that the admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on the Regulated Market of Euronext Dublin will be granted on or around 20 November 2023.

1. The Issuer's LEI number is 2138006QP9OIWZ8XH17.
2. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware) since 27 September 2023 and 26 September 2023 respectively (being the date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
3. No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2023. So long as the Notes are admitted to trading on the Regulated Market of Euronext Dublin, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
4. For so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on the Regulated Market of Euronext Dublin, the Issuer shall maintain a Paying Agent in the United Kingdom.
5. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
6. Since 27 September 2023 and 26 September 2023 respectively (being the date of incorporation of each of the Issuer and Holdings respectively), there has been: (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.
7. The issue of the Notes and the Residual Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on 6 November 2023.
8. The Notes and the Residual Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

Class of Notes/Residual Certificates	ISIN	Common Code
Class A Notes	XS2715183237	271518323
Class B Notes	XS2715184391	271518439
Class C Notes	XS2715184714	271518471
Class D Notes	XS2715185794	271518579
Class Z Notes	XS2715186099	271518609
RC1 Residual Certificates	XS2715196213	271519621
RC2 Residual Certificates	XS2715283532	271528353

9. The Notes and Residual Certificates have the following CFIs and FISN codes:

Class of Notes/Residual Certificates	CFI	FISN
Class A Notes	DAFNFR	TWIN BRIDGES 20/ASST BKD 20560515
Class B Notes	DAFNFR	TWIN BRIDGES 20/ASST BKD 20560515
Class C Notes	DAFNFR	TWIN BRIDGES 20/ASST BKD 20560515
Class D Notes	DAFNFR	TWIN BRIDGES 20/ASST BKD 20560515
Class Z Notes	DAVNFR	TWIN BRIDGES 20/VARASST BKD 2056051
RC1 Residual Certificates	DAXXFR	TWIN BRIDGES 20/ASST BKD 20561115
RC2 Residual Certificates	DAXXFR	TWIN BRIDGES 20/ASST BKD 20561115

10. From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin and admitted to trading on the Regulated Market of Euronext Dublin, copies of the following documents (other than in the case of any Transaction Documents subject to the redaction of any sensitive personal information and, with the exception of paragraph (a) below) may be inspected at the specified office of the Paying Agents during usual business hours, on any weekday (public holidays excepted):
- (a) the memorandum and articles of association of each of the Issuer and Holdings; and
 - (b) physical copies of the following documents:
 - (i) the Agency Agreement;
 - (ii) the Cash Management Agreement;
 - (iii) the Deed Poll;
 - (iv) the Deed of Charge;
 - (v) the Global Collection Account Declaration of Trust;
 - (vi) the Deed of Accession to Global Collection Account Declaration of Trust;
 - (vii) the Portfolio Transaction Accounts Declaration of Trust;
 - (viii) the Issuer Account Bank Agreement;
 - (ix) the Incorporated Terms Memorandum;
 - (x) the Mortgage Sale Agreement;
 - (xi) the Corporate Services Agreement;
 - (xii) the Servicing Agreement;
 - (xiii) each Swap Agreement;
 - (xiv) the Share Trust Deed;
 - (xv) the Trust Deed;
 - (xvi) Scottish Declaration of Trust;
 - (xvii) Scottish Supplemental Charge;
 - (xviii) Seller Power of Attorney; and
 - (xix) Servicer Power of Attorney.

A copy of the memorandum and articles of association of each of the Issuer and Holdings will be available on the website of www.euroabs.com on or before the date of this Prospectus, accessible at <https://www.euroabs.com/IH.aspx?d=21360>. Copies of the Transaction Documents will be available on the website of www.euroabs.com at <https://www.euroabs.com/IH.aspx?d=21359>. Information on the website of EuroABS does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

11. The Issuer is the designated entity for the purposes of Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Issuer). The Issuer will procure that the Cash Manager or another third party will:
- (a) publish on the Cash Manager Website the Monthly Investor Reports, and provide the same to the Servicer for publishing via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>);

- (b) in connection with the Issuer's obligations under (i) Article 7(1)(e) of the UK Securitisation Regulation and the UK Article 7 Technical Standards and (ii) Article 7(1)(e) of the EU Securitisation Regulation and the EU Article 7 Technical Standards for the purposes of investors' compliance with Article 5(1)(e) of the EU Securitisation Regulation not taking into account any relevant national measures (as if it were applicable to Paratus and the Issuer), publish on the Cash Manager Website a quarterly investor report in respect of the relevant period, which shall be provided in the form of (i) the disclosure templates adopted under the UK Article 7 Technical Standards and (ii) the disclosure templates adopted under the EU Article 7 Technical Standards (the "**Quarterly Investor Report**") on a quarterly basis and on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Quarterly Investor Report, no later than by 15 May 2024 and provide the same to the Servicer for publishing via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>);
- (c) in connection with the Issuer's obligations under (i) Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards and (ii) Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards for the purposes of investors' compliance with Article 5(1)(e) of the EU Securitisation Regulation not taking into account any relevant national measures (as if it were applicable to Paratus and the Issuer), publish on the Cash Manager Website (simultaneously with the Quarterly Investor Report) certain loan level information in relation to the Mortgage Portfolio in respect of the relevant period and which shall be in the form of (A) the disclosure templates adopted under the UK Article 7 Technical Standards and (B) the disclosure templates adopted under the EU Article 7 Technical Standards (the "**Data Tape**") on a quarterly basis and on the relevant Interest Payment Date or shortly thereafter (and at the latest one month after the relevant Interest Payment Date) and, in the case of the first Data Tape, no later than by 15 May 2024 as provided by the Servicer to the Cash Manager (to the satisfaction of the Cash Manager), and provide the same to the Servicer for publishing via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>); and
- (d) procure that the information referred to above is made available to the Noteholders, the FCA, the Bank of England, the PRA and/or the Pensions Regulator, the EU competent authorities and, upon request, to potential investors in the Notes, and that is provided in a manner consistent with (i) the requirements of Article 7(2) of the UK Securitisation Regulation via the UK Securitisation Repository (<https://www.secrep.co.uk>) and (ii) the requirements of Article 7(2) of the EU Securitisation Regulation at the EU Securitisation Repository (<https://www.secrep.eu>) (as applicable); and
- (e) that the private securitisation notification is made, if applicable, to the FCA, the Bank of England, the PRA and/or the Pensions Regulator if required under the UK Securitisation Regulation,

subject always to any requirement of law, and provided that: (i) the designated entity under Article 7(2) of the UK Securitisation Regulation and Article 7(2) of the EU Securitisation Regulation (as if it were applicable to the Issuer) (the "**Reporting Entity**") will not be in breach of such undertaking if the Reporting Entity fails to so comply due to events, actions or circumstances beyond the Reporting Entity's control; and (ii) the Reporting Entity is only required to do so to the extent that the disclosure requirements under (A) Article 7 of the UK Securitisation Regulation and (B) Article 7 of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer) remain in effect.

If any Noteholder requests that Paratus provides additional disclosure using any updated form of disclosure templates that may be adopted pursuant to the EU Securitisation Regulation in connection with the reporting undertakings set out in paragraphs (b) and (c) above, Paratus will consider that request and if it considers such request to be reasonable will endeavour to meet that request.

12. The Issuer will procure that the Servicer or another third party will:

- (i) prepare and publish without delay any information made public in accordance with UK Inside Information and Significant Event Reporting Requirements and/or EU Inside Information and Significant Event Reporting Requirements; and

- (ii) make available, within five days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus on the website of www.euroabs.com.
13. In addition, the Issuer confirms that the Originator has made available the draft Transaction Documents, the preliminary prospectus and a cashflow model as required by (i) Article 7(1)(b) of the UK Securitisation Regulation and (ii) Article 7(1)(b) of the EU Securitisation Regulation (as if it were applicable to Paratus and the Issuer) prior to the pricing date of the Notes via the UK Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.eu>) to the competent authorities and (upon request) to potential investors in the Notes.
14. The reports set out in paragraphs 11(b) and 11(c) as at the date of this Prospectus have been or, as applicable, shall be published on (in the case of the Cash Manager) the Cash Manager Website and (in the case of the Servicer) via the UK Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.eu>). Each such report set out in paragraphs 11(b) and 11(c) shall be made available no later than one month following the due date for the payment of interest. The documentation and information set out in paragraphs 10(a) and 10(b) above as at the date of this Prospectus have been or, as applicable, shall be published via the UK Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.eu>). For the avoidance of doubt, this publication and the contents thereof do not form part of this Prospectus.
15. The Cash Manager and the Servicer (as applicable) will (and are in each case authorised by the Issuer to) make the information referred to in paragraph 11(a) above available to the Noteholders and the Certificateholders, relevant competent authorities and, upon request, to potential investors in the Notes.
16. The Issuer confirms that the Mortgage Loans and Related Security have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
17. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Regulated Market of Euronext Dublin.
18. Any website referred to in this document does not form part of the Prospectus.

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