

## 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 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 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 CERTIFICATE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR CERTIFICATE; AND (3) IS NOT ACQUIRING SUCH NOTE OR 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 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 RMAC No.3 PLC (the "**Issuer**"), Paratus AMC Limited ("**Paratus**"), Deutsche Bank AG, London Branch, Lloyds Bank Corporate Markets plc, BofA Securities Macquarie Bank Europe Designated Activity Company or Macquarie Bank Limited, London Branch, 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 available to you on request from Deutsche Bank AG, London Branch, Lloyds Bank Corporate Markets plc, BofA Securities, Macquarie Bank Europe Designated Activity Company or Macquarie Bank Limited, London Branch.

**RMAC NO.3 PLC**  
Legal entity identifier (LEI): 213800Q495VJDFYUJW26  
Securitisation transaction unique identifier: 213800Q495VJDFYUJW26N202301

(Incorporated under the laws of England and Wales with limited liability, registered number 14776830)

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/Fitch)	Final Maturity Date
<b>OFFERED SECURITIES</b>							
Class A Notes	£303,334,000	100%	Compounded Daily SONIA	1.20%	1.80%	AAA(sf) / AAA(sf)	The Interest Payment Date falling in February 2047
Class B Notes	£12,926,000	100%	Compounded Daily SONIA	2.60%	3.60%	AA+(sf) / AA(sf)	The Interest Payment Date falling in February 2047
Class C Notes	£3,446,000	100%	Compounded Daily SONIA	3.60%	4.60%	AA(sf) / A+(sf)	The Interest Payment Date falling in February 2047
Class D Notes	£2,585,000	100%	Compounded Daily SONIA	4.85%	5.85%	A+(sf) / A(sf)	The Interest Payment Date falling in February 2047
Class E Notes	£7,928,000	100%	Compounded Daily SONIA	6.85%	7.85%	BBB-(sf) / BB+(sf)	The Interest Payment Date falling in February 2047
Class F Notes	£3,274,000	100%	Compounded Daily SONIA	8.50%	9.50%	B+(sf) / B(sf)	The Interest Payment Date falling in February 2047
Class Z1 Notes	£11,202,000	100%	N/A	N/A	N/A	Not Rated	The Interest Payment Date falling in February 2047
Class Z2 Notes	£5,170,000	100%	N/A	N/A	N/A	Not Rated	The Interest Payment Date falling in February 2047
<b>NON-OFFERED SECURITIES</b>							
Class RC1 Residual Certificates	N/A	N/A	N/A	N/A	N/A	Not Rated	N/A
Class RC2 Residual Certificates	N/A	N/A	N/A	N/A	N/A	Not Rated	N/A

**JOINT ARRANGERS**

**DEUTSCHE BANK AG, LONDON BRANCH**

**LLOYDS BANK CORPORATE MARKETS  
PLC**

**JOINT LEAD MANAGERS**

**DEUTSCHE BANK AG,  
LONDON BRANCH**

**LLOYDS BANK  
CORPORATE MARKETS  
PLC**

**BOFA SECURITIES**

**MACQUARIE BANK EUROPE DESIGNATED  
ACTIVITY COMPANY**

**MACQUARIE BANK LIMITED, LONDON  
BRANCH**

**CO-MANAGER**

**APOLLO MANAGEMENT INTERNATIONAL LLP**

The date of this Prospectus is 15 September 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 ORIGINAL LENDERS, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE CO-MANAGER, 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, Class E Notes, Class F Notes, the Class Z1 Notes and the Class Z2 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, Class E Notes, Class F Notes, the Class Z1 and the Class Z2 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 certificate in registered form (a "**Global 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 U.S. PERSONS 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 RESALES 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 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 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 CERTIFICATE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR CERTIFICATE, AND (3) IS NOT ACQUIRING SUCH NOTE OR 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 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 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 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 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 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 RETENTION HOLDER AND THE SERVICER ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE SELLER, RETENTION HOLDER AND SERVICER*" AND "*THE ORIGINAL LENDERS*". TO THE BEST OF THE KNOWLEDGE OF THE SELLER, 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 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 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.

THE NOTE TRUSTEE, SECURITY TRUSTEE, CASH MANAGER AND ISSUER ACCOUNT BANK ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*CASH MANAGER*", "*ISSUER ACCOUNT BANK*" AND "*SECURITY TRUSTEE AND NOTE TRUSTEE*". TO THE BEST OF THE KNOWLEDGE OF THE NOTE TRUSTEE, SECURITY TRUSTEE, CASH MANAGER AND ISSUER 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 NOTE TRUSTEE, SECURITY TRUSTEE, CASH MANAGER OR ISSUER 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.

THE CORPORATE SERVICES PROVIDER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CORPORATE SERVICES PROVIDER*". TO THE BEST OF THE KNOWLEDGE OF THE CORPORATE SERVICES PROVIDER, 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 CORPORATE SERVICES PROVIDER 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 JOINT ARRANGERS, THE JOINT LEAD MANAGERS AND THE CO-MANAGER DO NOT ACCEPT ANY RESPONSIBILITY FOR COMPLIANCE OF THE ISSUER, THE RETENTION HOLDER, THE ORIGINAL LENDERS AND THE SERVICER WITH REQUIREMENTS OF THE UK SECURITISATION REGULATION AND THE EU SECURITISATION REGULATION INCLUDING ANY TECHNICAL STANDARDS RELATING THERETO.

THE INFORMATION ON THE WEBSITES TO WHICH THIS PROSPECTUS REFERS DOES NOT FORM PART OF THIS PROSPECTUS AND HAS NOT BEEN SCRUTINISED OR APPROVED BY THE CENTRAL BANK OF IRELAND.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE RETENTION HOLDER, THE SERVICER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE AGENTS, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER FACILITATOR, THE ORIGINAL LENDERS, THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS AND THE CO-MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT

MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE RETENTION HOLDER, THE SERVICER, THE SELLER OR THE ORIGINAL LENDERS IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER AND THE OTHER SOURCES IDENTIFIED HEREIN, BUT NO ASSURANCE CAN BE GIVEN BY THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE AGENTS, THE ORIGINAL LENDERS, THE RETENTION HOLDER, THE SERVICER, THE SELLER, THE JOINT LEAD MANAGERS, THE CO-MANAGER OR THE JOINT ARRANGERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE JOINT ARRANGERS, THE JOINT LEAD MANAGERS, THE CO-MANAGER, THE RETENTION HOLDER, THE SERVICER, THE SELLER, THE ORIGINAL LENDERS, 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 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 ORIGINAL LENDERS, 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 ORIGINAL LENDERS, 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 CO-MANAGER, THE JOINT LEAD MANAGERS, THE JOINT ARRANGERS 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 Certificates on or about 18 September 2023 (the "**Closing Date**").

**Standalone/Programme Issuance** Standalone issuance.

**Listing** 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, the Class D Notes, the Class E Notes and the Class F Notes (together, the "**Collateralised Rated Notes**"), the Class Z1 Notes and the Class Z2 Notes (together, the "**Class Z Notes**"). The Collateralised Rated Notes together with the Class Z1 Notes are the "**Collateralised Notes**" and the Collateralised Rated Notes 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 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.

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.

**Benchmarks** Amounts payable under the Notes (other than Class Z1 Notes and Class Z2 Notes) may be calculated by reference to SONIA.

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 benchmarks issued in 2017 by the International Organisation of Securities Benchmarks.

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.

## **Underlying Assets**

The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising buy-to-let mortgage loans and owner-occupied mortgage loans sold by Paratus AMC Limited (the "**Seller**") which were originated by:

- GMAC-RFC Limited (currently known as Paratus AMC Limited) ("**GMAC-RFC**");
- Amber Homeloans Limited ("**Amber**");
- the participating firms in GMAC-RFC's correspondent lending programme (the "**CL Original Lenders**"); and
- Future Mortgages 1 Limited ("**FM**"),

(together, the "**Original Lenders**" and each an "**Original Lender**") and secured over residential properties located in England, Wales, Scotland and Northern Ireland and which will be purchased by the Issuer from the Seller on the Closing Date (the "**Mortgage Portfolio**").

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 Z2 Notes) in the relevant Priority of Payments (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;
- in relation to the Collateralised Notes, Accumulated Overcollateralisation arising in prior periods (if any); 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 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 each Class of the Collateralised Rated Notes, 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 and (iii) in the case of the other Classes of Collateralised Rated Notes, where such Class of Notes is the Most Senior Class of Notes;
- 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,
- 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.

### **Redemption Provisions**

Information on any mandatory redemption of the Notes is summarised on page 67 ("*General Characteristics of the Notes and the Certificates*") and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the "**Conditions**").

### **Credit Rating Agencies**

Fitch Ratings Ltd ("**Fitch**") 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 Fitch and S&P have been endorsed by Fitch Ratings Ireland Limited and S&P Global Ratings Europe Limited, respectively. Each of Fitch Ratings Ireland Limited 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 Fitch's address, *inter alia*:

- in respect of the Collateralised Rated Notes, the likelihood of full and timely payment of interest due to the holders of each of the Class A Notes and Class B Notes on each Interest Payment Date, and the likelihood of full and timely payment of interest due to the holders of each of the Class C Notes, Class D Notes, Class E Notes and Class F Notes, respectively, on each Interest Payment Date when such Class of Notes are the Most Senior Class of Notes;
- the likelihood of full payment to the holders of the Collateralised Rated Notes of all payments of interest in relation to the Collateralised Rated Notes by a date that is not later than the Final Maturity Date; and
- the likelihood of full and ultimate payment to the holders of the Collateralised Rated Notes of principal 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, the likelihood of full and timely payment of interest due to the holders of the Class A Notes on each Interest Payment Date;
- in respect of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, the likelihood of full and timely payment of interest to the holders of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F 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, Class D Notes, Class E Notes and Class F Notes on or before the Closing Date.

The Class Z1 Notes and the Class Z2 Notes will not be rated by the Rating Agencies.

The assignment of a rating to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes by any Rating Agency is not a recommendation to invest in the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F 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 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 European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (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 Retention. 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 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.

## **Certificates**

In addition to the Notes, the Issuer will issue the RC1 Residual Certificates and the RC2 Residual Certificates (together, "**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), 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 Certificates*" for further details.

## **Significant Investor**

On the Closing Date third party investors will purchase 95 per cent. of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and the Class F Notes.

In addition to holding at least five per cent. of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and the Class F Notes, the Seller will on the Closing Date purchase all of the Class Z1 Notes and the Class Z2 Notes and will on the Closing Date hold the RC1 Residual Certificates and the RC2 Residual Certificates.

**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 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 "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 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 Certificates and which the Issuer believes are material for the purpose of taking an informed investment decision with respect to the Notes and/or Certificates, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes and/or Certificates for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes and/or 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 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) amounts of interest received from the Issuer Account Bank under the Issuer Account Bank Agreement; and (iii) 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 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*") (see "*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) 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, 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 an (i) an Interest Only Mortgage Loan to a Part and Part Mortgage Loan or a Repayment Mortgage Loan or (ii) a Part and Part Mortgage Loan to a Repayment Mortgage Loan, the Issuer would 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, 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 and, following exercise of such Portfolio Call Option, 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 and the sale of the Northern Irish 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 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 Scottish Mortgages) at the General Register of Sasines or the Land Register of Scotland (together, the "**Registers of Scotland**") or the Land Registry of Northern Ireland and/or the Registry of Deeds in Belfast (together, the "**Registers of Northern Ireland**") and notice would have to be given to Borrowers of the transfer or assignation of the Mortgage Loans.

Further, unless (i) notice of the assignment was given to the Borrowers in respect of the English Mortgage Loans and their Related Security and the Northern Irish Mortgage Loans and their Related Security, and (ii) an assignation of the Scottish Mortgage Loans and their Related Security is effected by the Seller to the Issuer and notice thereof is then given to the Borrowers in respect of the Scottish 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 and the Northern Irish 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. An equitable right of set-off could arise where the Seller (as the lender of record) or an Original Lender of the relevant Mortgage Loan has failed to make a Further Advance, Product Switch or Port to the Borrower having made a commitment to do so, or where the Seller or the Original Lender of the relevant Mortgage Loan is in breach of contract under the relevant 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. Independent set-off rights against the relevant Original Lender (other than where the Seller was the Original Lender) 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) will not be affected by that notice and will continue to exist.

The relevant Borrower may set off any claim for damages arising from an Original Lender's or the Seller'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. For example, in the case of a failure by the Seller to make a Further Advance having become bound to do so, the Borrower could set off against the Issuer any additional cost of funding incurred in borrowing an amount equal to the relevant Further Advance. In addition, where the Seller has failed to effect a Port, having committed to do so, the Borrower could set off against the Issuer the difference between the rate of interest on the Mortgage Loan and the interest rate at which the Borrower could borrow money in the market on the new property. 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 an Original Lender's or the Seller's breach of contract where there are special circumstances communicated by the Borrower to the relevant Original Lender 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 and Northern Ireland 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 or if strains in the financial system re-emerge and impair the flow of credit to the wider economy or other factors cause a deterioration in economic conditions. This risk is particularly relevant to Interest Only Mortgage Loans. 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 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 or the obligation to repurchase Mortgage Loans where the Seller or the Servicer agrees to grant a request from a Borrower or makes an offer for a Further Advance, a Port or a Product Switch. 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, 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 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) Tower Loans**

Following the origination of the Tower Loans, the Servicer became aware that the solicitors and/or valuers involved in the origination process of such Tower Loans may have been negligent or fraudulent in the manner in which they carried out their duties. The Servicer has subsequently entered into the Compromise Arrangements

with such solicitors and/or valuers (as applicable) thereby precluding any further claims against such solicitors and/or valuers (as applicable).

As at the Cut-Off Date, the Provisional Mortgage Portfolio included 3 Tower Loans with an aggregate outstanding balance of not more than £ 603,983.29.

In the event that a loss was suffered in respect of a Tower Loan as a result of any such negligence or fraud by a solicitor or valuer counterparty to a Compromise Arrangements, the Servicer is precluded from bringing any further claims against such solicitor or valuer. In such case, the Issuer may suffer a loss which could ultimately affect its ability to make payments on the Notes.

**(g) Knowledge of matters represented**

The Seller was not the original lender of certain of the Mortgage Loans and has purchased title to such Mortgage Loans under certain mortgage sale agreements. Accordingly, while the Seller has a broad and general knowledge of the Mortgage Loan origination process and practices of the other Original Lender, it has no direct knowledge of whether any such Mortgage Loan origination processes were complied with at the time of the origination of the Mortgage Loans, nor does it have direct knowledge of whether any such non-compliance was in accordance with the practice of a Prudent Mortgage Lender and therefore the Seller may not have actual knowledge of any relevant matters which give rise to a breach of warranty. Therefore, certain of the Mortgage Loan Warranties (including Mortgage Loan Warranties that relate to the origination process) have necessarily been qualified by the knowledge and awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Mortgage Loans to the extent that the same relates to matters outside of the immediate knowledge of the Seller and there is no ongoing active involvement of any third-party original lenders of the Mortgage Loans to monitor/or notify any defect in relation to the circumstances of the Mortgage Loans.

For the avoidance of doubt, to the extent that a Mortgage Loan Warranty is not expressed to be limited by reference to the awareness of the Seller, the Seller may nevertheless be liable to repurchase a Mortgage Loan in relation to which there has been a breach of a Mortgage Loan Warranty irrespective of whether it had actual knowledge of such breach. However, there can be no assurance that the Seller will have the financial resources to honour such repurchase obligation. Conversely, where a Mortgage Loan Warranty is expressed to be limited by reference to the awareness of the Seller, such repurchase obligation shall not apply unless the Seller has actual knowledge of the relevant breach of warranty at the time the warranty was given. Where no repurchase obligation is applicable, or the Seller does not satisfy such repurchase obligation, the Issuer may suffer a loss thereby affecting the ability of the Issuer to make payments under the Notes. For more information, see the section "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*".

**(h) 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 original lender of certain of the Mortgage Loans, and the said rights may therefore not have been effectually assigned to it by the related Original Lender or seller of such Mortgage Loans. The related Original Lender may also have waived its causes and rights of action against solicitors, qualified and licenced conveyancers and valuers. The Issuer may therefore not have any direct rights against any solicitors, qualified and licensed conveyancers or valuers who, when acting for the relevant Original Lender in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent. Equally, no assurance can be provided that such solicitors, qualified and licenced conveyancers and valuers have not, since origination of the applicable Mortgage Loans, been wound-up, struck-off or become insolvent or, in the case of individuals, been declared bankrupt or died.

However, and notwithstanding the absence of any such direct rights, in the event that legal proceedings are threatened or commenced by the Issuer (acting in good faith) against a solicitor or valuer or the Issuer alleges (acting in good faith) a breach by the solicitor or valuer of the terms of its appointment or negligence in the performance by the solicitor or valuer of its duties, and the solicitor or valuer claims that the rights assigned to the

Issuer are incapable of being assigned or that the assignment or assignation is not binding on the relevant solicitor or valuer or that the solicitor or valuer does not owe a duty of care to the Issuer, as applicable, the Seller has undertaken to indemnify the Issuer in respect of losses incurred by the Issuer as a result of any such breach of contract or negligence, up to an amount no greater than that received by the Seller from the relevant solicitor or valuer as result of such action. Such action is not possible in relation to the Tower Loans as, under the Compromise Arrangements, the Seller is precluded from making further claims against any solicitors or valuers who, when acting for the relevant Original Lender or in relation to the origination of any Mortgage Loans, may have been negligent or fraudulent.

***(i) No assurance that Issuer will receive benefit of any claims under Borrower Building Policies***

The Servicer and/or the Issuer may not be able to determine whether the relevant Borrower has valid buildings insurance in place at any time. No assurance can be given that the Issuer will always receive the benefit of any claims made under any such insurance contract or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected property or otherwise cover the losses of the Issuer. This could adversely affect the Issuer's ability to make payments of interest and/or principal in respect of the Notes and payments due in respect of the Certificates.

***(j) Risk of losses associated with Interest Only Mortgage Loans***

As of the Cut-Off Date, approximately 82.21 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 not required, nor has it required that any person which sold it Mortgage Loans represent that it required (or that the relevant Original Lender 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 Borrowers' 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 of the Cut-Off Date, there are 84

Mortgage Loans (comprising Interest Only Mortgage Loans) in the Provisional Mortgage Portfolio where the relevant Borrowers have not repaid the outstanding principal amount in respect of the relevant Mortgage Loans on the relevant loan maturity date, resulting in an aggregate Current Balance of approximately £9,390,784. Of these, 62 have continued to make regular interest payments. The Seller has, in the ordinary course of business and pursuant to the relevant regulatory guidance, applied a period of forbearance in respect of these Mortgage Loans during which the Borrowers may seek other refinancing options before any enforcement action is taken by the Seller. As at the Cut-Off Date, such forbearance period in respect of these Mortgage Loans ranges from 1 month to 9 months.

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.

**(k) Risk of losses associated with Self-Certified Loans and Non-Income Verified Mortgage Loans**

As at the Cut-Off Date (i) approximately 64.04 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans constitute mortgage loans where the Borrower applied for a self-certified product and (ii) approximately 16.45 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans constitute mortgage loans where the Borrower applied for a loan product that was not a self-certified loan product but where the income of the Borrower was not verified (each a "**Non-Income Verified Mortgage Loan**"). For such Mortgage Loans, income and employment details of the Borrower are not substantiated by supporting documentation. The rate of delinquencies, write-offs, enforcements and losses on such mortgage loans may be higher from those in respect of mortgage loans where supporting documentation has been provided in respect of the income or employment details of the Borrower and any such delinquencies, write-offs, enforcements and losses may lead to a reduction in amounts available to the Issuer and, ultimately, affect its ability to make payments under the Notes.

**(l) Particular Risks associated with Buy-to-Let Loans**

As at the Cut-Off Date, approximately 10.33 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of 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 Loan**"). It should be noted that the majority of Buy-to-Let Loans in the United Kingdom are interest only.

In relation to Buy-to-Let 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 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 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 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 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 all 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 been implementing a phased restriction on the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest).

From 1 April 2016, a higher rate of stamp duty land tax ("**SDLT**"), Welsh land transaction tax ("**WLTT**") and LBTT in Scotland 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 and Northern Ireland. In relation to properties located in Wales the additional residential rate is four per cent higher than the main WLTT rate for the first band 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).

From 1 April 2021, a two per cent. SDLT surcharge applies to non-UK residents purchasing residential property in England and Northern Ireland. 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, Northern Ireland 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 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.

***(m) Risk of mismatch of the floating Mortgage Rate and Rate of Interest on the Notes***

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) 93.11 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are Bank of England Base Rate-Linked Mortgage Loans and (ii) 6.89 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are SVR Mortgage Loans (such Mortgage Loans, together, the "**Floating Rate Mortgage Loans**"). However, the Issuer's liabilities under the Collateralised Rated Notes are based on the Compounded Daily SONIA for the relevant period.

The Issuer will not enter into any swap agreement in respect of the difference between the interest payments received by it on the pool of the Floating Rate Mortgage Loans (and in particular the Bank of England Base Rate-Linked Mortgage Loans) and the interest payable on the Notes, and as a result there is no hedge in respect of the risk of any variances in the interest charged on any such Mortgage Loans with varying interest rates, and interest set by reference to Compounded Daily SONIA on the Collateralised Rated Notes. This, in turn, 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 Collateralised Rated Notes.

***(n) Lending Criteria***

The Mortgage Portfolio will include Mortgage Loans to Borrowers who may previously have been subject to a county court judgment (or the Scottish or Northern Irish equivalent), an individual voluntary arrangement (or the Scottish or Northern Irish equivalent) or bankruptcy order (or, in Scotland, an award of sequestration), are self-employed, have self-certified their incomes or are otherwise considered by banks and building societies to be non-prime borrowers (such borrowers, "**Non-Conforming Borrowers**"). Mortgage Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to prime borrowers and therefore carry a higher degree of risk.

In addition, some of the Mortgage Loans may not include a documentary record permitting the verification and cross-checking of the original financial status of the relevant Borrower, due to missing or incomplete copies of the original credit checks, including missing or incomplete records of any possible country court judgements (or its Northern Irish or Scottish equivalents), individual voluntary arrangements or bankruptcy orders (or its Northern Irish or Scottish equivalents). Whilst there is no reason to believe that the county court judgement or bankruptcy order or Scottish equivalent information currently held by the Seller is inaccurate, it cannot currently be independently verified. Further, whilst the relevant Original Lenders' underwriting criteria at the time of origination of certain Mortgage Loans may have permitted the granting of mortgage loans to borrowers subject to an individual voluntary arrangement or Scottish equivalent, records of individual voluntary arrangements or their Scottish equivalents are not held by the Seller.

Further, a proportion of the Properties over which Mortgages in the Mortgage Portfolio are secured were built using non-traditional construction techniques that may severely impact the saleability of such Properties in the private sector. This may reduce the marketability of such Properties following enforcement 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 Mortgage Loans have been underwritten generally in accordance with the underwriting standards described in the section entitled "*The Mortgage Portfolio and the Mortgage Loans*" below. Those underwriting standards consider, among other things, a borrower's credit history, employment history and status, repayment ability and debt service to-income ratio, as well as the value of the property. Those underwriting standards are used with a view, in part, to mitigating the risks in lending to Non-Conforming Borrowers.

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. Moreover, the Seller was not able to locate certain Standard Documentation in respect of a very small percentage of the Mortgage Portfolio by reference to aggregate of, the Current Balance less (i) accrued interest; (ii) arrears of principal that arose on or before the Cut-Off Date; and (iii) arrears of interest of the Provisional Mortgage Portfolio. The Seller however holds copies of signed loan documents for such Mortgage Loans.

***(o) Risk of Losses Associated with high LTV Mortgage Loans***

Certain of the Mortgage Loans in the Mortgage Portfolio were originated with an LTV in excess of 90 per cent. The Properties over which certain Mortgage Loans are secured may be situated in regions of the United Kingdom where property values have generally either decreased or not materially increased since the origination of such Mortgage Loan (as to which please refer to the section entitled "*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*"). There can be no assurance that mortgage loans with higher loan to value ratios will not experience higher rates of delinquency, write-offs, enforcement and loss severities upon enforcement than mortgage loans with lower loan to value ratios.

***(p) 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.

***(q) Non-disclosure of Broker Commissions***

Certain of the Mortgage Loans may also have been originated through such intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Original Lenders paid commission to such intermediaries in consideration for such activities in the form of a procurement fee.

Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the legal title holder of the affected Mortgage Loan (being the Seller). If such claim was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Mortgage Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the Borrower in the circumstances), whereas the award is likely to be greater where there was a failure to disclose the existence of the commission to a Borrower. The award of any such remedy may reduce the amounts payable by Borrowers under the Mortgage Loans and ultimately amounts available to the Issuer to make payments under the Notes.

***(r) 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*" below and certain specific risks are set out below:

*Regulation of buy-to-let mortgage loans.* The Seller believes that certain Mortgage Loans in the Provisional Mortgage 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 Consumer Credit Act ("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*".

*Right to Buy Mortgage Loans:* In certain circumstances a landlord obtains a statutory charge in respect of the contingent liability of the purchaser under the Right to Buy scheme of the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), as applicable, to repay certain discounts. Under the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable) such statutory charge ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. In England and Wales, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. Further detail is included in the section headed "*Information Relating to the Regulation of Mortgages in the UK – Right to Buy 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 – Unfair Relationships*" below.



*Non-disclosure of broker commissions.* Certain of the Mortgage Loans were originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the relevant original lenders would have paid commission to such intermediaries in consideration for such activities in the form of a procurement fee. Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the legal title holder of the affected Loan. If there were any successful non-disclosure of broker commission claims made by Borrowers in respect of any Mortgage Loans and the court ordered that financial redress be 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 Issuer's ability to make payment in full on the Debt when due.

*Regulated Mortgage Contracts.* A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA or PRA rule, and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person. Any such set-off in respect of the Mortgage Loans 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 – Regulated Mortgage Contracts*" below.

*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*" below.

*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 and/or CRA, 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).

*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*" below.

*Mortgage repossessions.* The Mortgage Repossessions (Protection of Tenants etc) Act 2010, the Home Owner and Debtor Protection (Scotland) Act 2010, 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*" below.

*Financial Ombudsman Service.* Under 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*" below.

*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*" below.

*Protected Tenancies in Northern Ireland.* Private tenancies in Northern Ireland that meet certain criteria are called protected tenancies. A protected tenancy must have a fixed rent, it can be more difficult to determine and a protected tenant may be able to pass on their tenancy when they die. 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 – Protected Tenancies in Northern Ireland*" below.

*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*" below.

*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*" below.

*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 Provisional Mortgage Portfolio will not have a material adverse effect on the Original Lenders, 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*" below.

### **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, with the exception of any interest previously deferred under Condition 18.1 in respect of any Class E Notes or Class F Notes where such Class of Notes are 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 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 (other than any interest previously deferred under Condition 18.1 in respect of any Class E Notes or Class F Notes where such Class of Notes are the Most Senior Class of Notes) shall constitute an Event of Default under the Notes and the Certificates which may result in the Note Trustee or the Security Trustee (as the case may be) enforcing the provisions of the Notes, the 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 E Notes, the Class F Notes, the Class Z Notes and the RC2 Residual Certificates***

Pursuant to the Priorities of Payments, certain 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 E 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, the Class C Notes and the Class D Notes, as provided in the Conditions and the Transaction Documents.

The Class F 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, the Class C Notes, the Class D Notes and the Class E 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 Certificates (the "**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 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 of 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 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 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 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 or, if there are no Notes outstanding, 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 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 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; or (iv) 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 or Certificateholders (other than in respect of a Basic Terms Modification) pursuant to and in accordance with the detailed provisions of Condition 13.6 and Certificates Condition 12.6.

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 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 between the Issuer, the Security Trustee and the Note Trustee (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 or the Certificateholders, 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 Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or 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 each Class of Certificates then in issue (as applicable), 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 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.

**(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 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 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, 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 Certificates or the Trust Deed (including the Conditions and the 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 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 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, 25 per cent. in number 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 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 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 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**

As at the Cut-Off Date, approximately 20.67 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are loans that are the equivalent of one or more monthly instalments in arrears. In addition, there are a number of Mortgage Loans in the Mortgage Portfolio which include capitalisations of Arrears of Interest or charges relating to such Mortgage Loans (including Mortgage Loans secured against a leasehold property where there has been a non-payment and subsequent capitalisation of unpaid amounts due as ground rents or management charges relating to such leasehold properties). Such capitalisations or loan arrears, charges, ground rent or service charges may have been done by agreement or pursuant to the terms and conditions of the relevant Mortgage Loans. Further, 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 Borrowers' or 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 or the Borrowers may be, or may become, unemployed (or have their working hours reduced) throughout the lease period or the life of the Mortgage Loan taken out by the Borrowers (as applicable), 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 or Borrowers 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 or Borrowers who are in full time employment. Each such tenant or Borrower 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 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) Ratings of the Collateralised Rated Notes**

The ratings assigned by Fitch address, *inter alia*:

- in respect of the Collateralised Rated Notes, the likelihood of full and timely payment of interest due to the holders of each of the Class A Notes and the Class B Notes on each Interest Payment Date, and the likelihood of full and timely payment of interest due to the holders of each of the Class C Notes, Class D Notes, the Class E Notes and the Class F Notes respectively, on each Interest Payment Date when such Class of Notes are the Most Senior Class of Notes;
- the likelihood of full payment to the holders of the Collateralised Rated Notes of all payments of interest in relation to the Collateralised Rated Notes by a date that is not later than the Final Maturity Date; and
- the likelihood of full and ultimate payment to the holders of the Collateralised Rated Notes of principal 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, the likelihood of full and timely payment of interest due to the holders of the Class A Notes on each Interest Payment Date;

- in respect of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, the likelihood of full and timely payment of interest to the holders of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F 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 Z1 Notes and the Class Z2 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 or the Collection Account Bank) 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 or the Collection Account Bank. 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.

***(j) 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 sub-paragraphs (i) (A) or (B) and (ii) 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.

***(k) 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 or conduits ("**Deutsche Bank Parties**"), Lloyds Bank Corporate Markets plc and its affiliates or conduits ("**Lloyds Parties**") BofA Securities and its affiliates (the "**BAML Parties**"), Macquarie Bank Europe Designated Activity Company, and Macquarie Bank Limited, London Branch and its affiliates (the "**Macquarie 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, the Lloyds Parties, the BAML Parties, the Macquarie 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 such Deutsche Bank Parties, the Lloyds Parties, the BAML Parties, the Macquarie Parties and the Apollo Parties would expect to earn fees and other revenues from these transactions.

The Deutsche Bank Parties, the Lloyds Parties, the BAML Parties, the Macquarie Parties and the Apollo Parties are each part of global investment banking and 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, the Lloyds Parties, the BAML, the Macquarie 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 Seller.

The Deutsche Bank Parties, the Lloyds Parties, the BAML Parties, the Macquarie Parties and the Apollo Parties may each act as lead manager, arranger, placement agent 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, the Lloyds Parties, the BAML Parties, the Macquarie 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, the Deutsche Bank Parties, the Lloyds Parties, the BAML, the Macquarie Parties and the Apollo Parties and employees or customers of each of the Deutsche Bank Parties, the Lloyds Parties, the BAML Parties, the Macquarie 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, the Lloyds Parties, the BAML Parties, the Macquarie 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, the Lloyds Parties, the BAML Parties, the Macquarie 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, the Lloyds Parties, the BAML Parties, the Macquarie 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 and the Lloyds 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 Purchase Price in respect of the Mortgage Portfolio and their Related Security to purchase the relevant Mortgage Loans from the warehousing issuer 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 and the Lloyds Parties. Other than where required in accordance with applicable law, the Deutsche Bank Parties and the Lloyds 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 and the Lloyds 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) the Bank of England Base Rate, or (iii) the Seller's SVR. 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.

***(d) Changes or uncertainty in respect of SONIA and/or other interest rate benchmarks 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 while (i) an amendment may be made under Condition 13.6(c) 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*"); and (ii) the Issuer (or the Servicer on its behalf) may propose an Alternative Base Rate in accordance with Condition 13.6(c), there can be no assurance that any such amendments will be made or, if made, that they: (i) 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 (ii) 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*").

Moreover, any of the above matters 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 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 or early redemption 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 Certificates that Noteholders should consider.

**(f) *Legal uncertainty***

A significant proportion of English law, Northern Irish 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 Certificates may be negatively affected by such changes to English law, Northern Irish 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, which may adversely affect the performance of the Notes and 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 has resulted in rating downgrades of the UK sovereign and the Bank of England by S&P, Fitch Ratings Ltd ("**Fitch**") and Moody's Investors Service Limited ("**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). However, in Scotland a heritable creditor in possession must register with the local authority as a private landlord (and register the property in question against such landlord registration) if they are in possession of the property for more than six months and there is a private residential tenancy in place – these provisions are contained in Part 8 of the Antisocial Behaviour etc. (Scotland) Act 2004. Landlord registration imposes a number of obligations on the heritable creditor as landlord including (but not limited to) responsibilities to ensure the property meets the statutory repairing standard (wind and watertight; heating and sanitary installations in good order etc) and in respect of the health and safety of the tenant including ensuring a legionella risk assessment is conducted and that the property meets all gas, electric and carbon monoxide safety requirements. In Scotland failure to landlord register is a criminal offence and the defaulting landlord can be fined up to £50,000, prohibited from renting out private residential properties and (for serious breaches) imprisoned. There may also be a requirement to comply with Houses in Multiple Occupation (HMO) regulations if the heritable creditor is in possession of an HMO property which is rented out.

#### *Northern Ireland*

In Northern Ireland, the position regarding enforcement and recovery of security under the Mortgage Loans is broadly equivalent to that in England and Wales.

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 with 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 and Northern Ireland 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 or Northern Irish law (as applicable) 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 UK Securitisation Regulation regime is currently subject to a review. The HM Treasury issued a report on this review in December 2021 outlining a number of areas where legislative changes may be introduced in due course. The legislative reforms affecting the UK Securitisation Regulation regime are being introduced under the Financial Services and Markets Act 2023 which received Royal Assent on 29 June 2023 and the "Edinburgh Reforms" of UK financial services unveiled on 9 December 2022. The timing and all of the details for the implementation of securitisation-specific reforms are not yet known, but these are expected to become clearer during the course of 2023-2024. Therefore, some divergence between EU and UK regimes exists already and the risk of more divergence in the future between EU and UK regimes cannot be ruled out.

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. 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 investor. 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*".

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

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*", "*UK Securitisation Regulation*" 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 original lenders 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 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 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 Act<sup>1</sup>.

Each holder of a Note or Certificate or a beneficial interest therein acquired in the initial syndication thereof, by its acquisition of a Note or 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 Certificate or a beneficial interest therein for its own account and not with a view to distribute such Note or Certificate and (3) is not acquiring such Note or 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 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 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 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 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.

***(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

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<sup>1</sup> 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".

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 Fitch 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*" 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, Northern Irish 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 from 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, Northern Irish 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). 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 (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 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 Joint Arrangers, the Co-Manager 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 reforms. 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) 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.

**(q) 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**

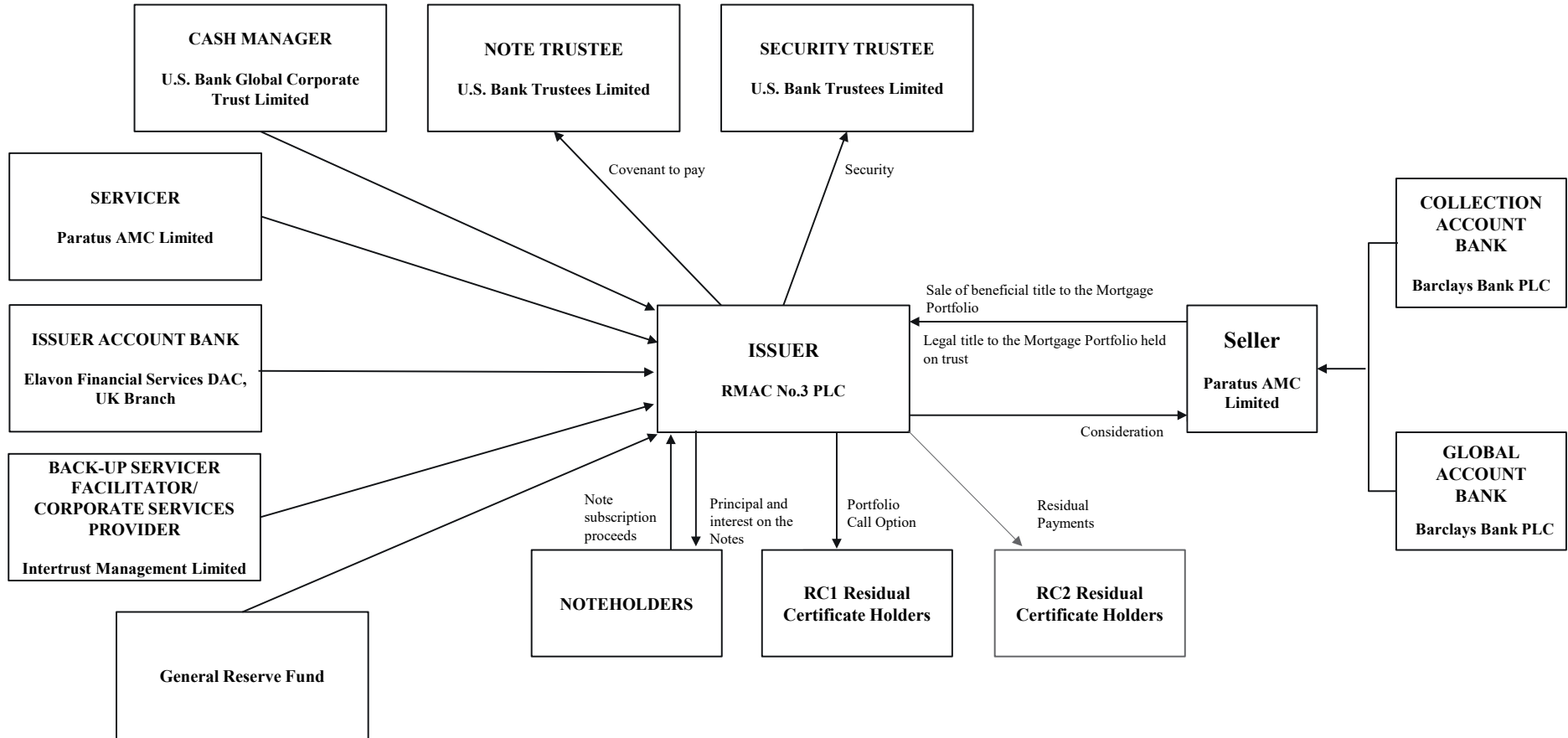
The Notes are, upon issuance, intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended, upon issue, to be deposited with a Common Safekeeper for Euroclear and Clearstream, Luxembourg but does not necessarily mean that the Notes will be recognised 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**

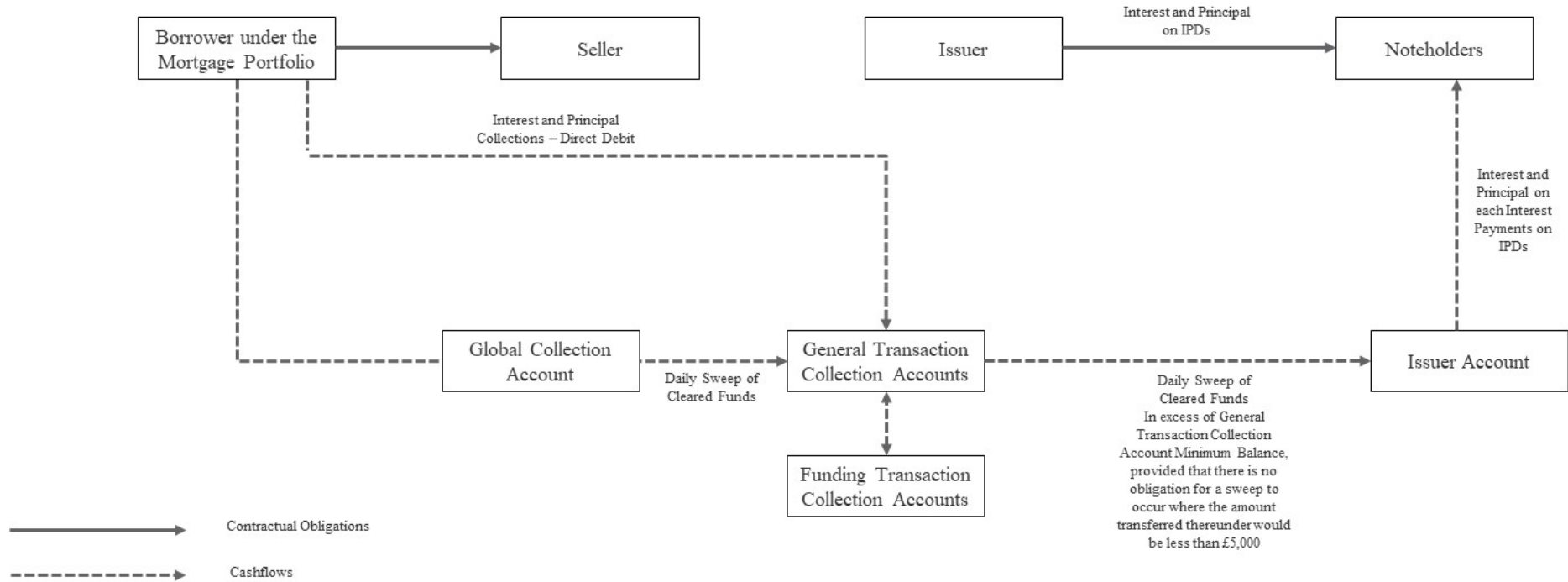
Certain investors in the Class A Notes may wish to consider the use of the Class A Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility ("**DWF**"). Recognition of the Class A Notes as eligible securities for the purposes of the DWF will depend upon satisfaction 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**

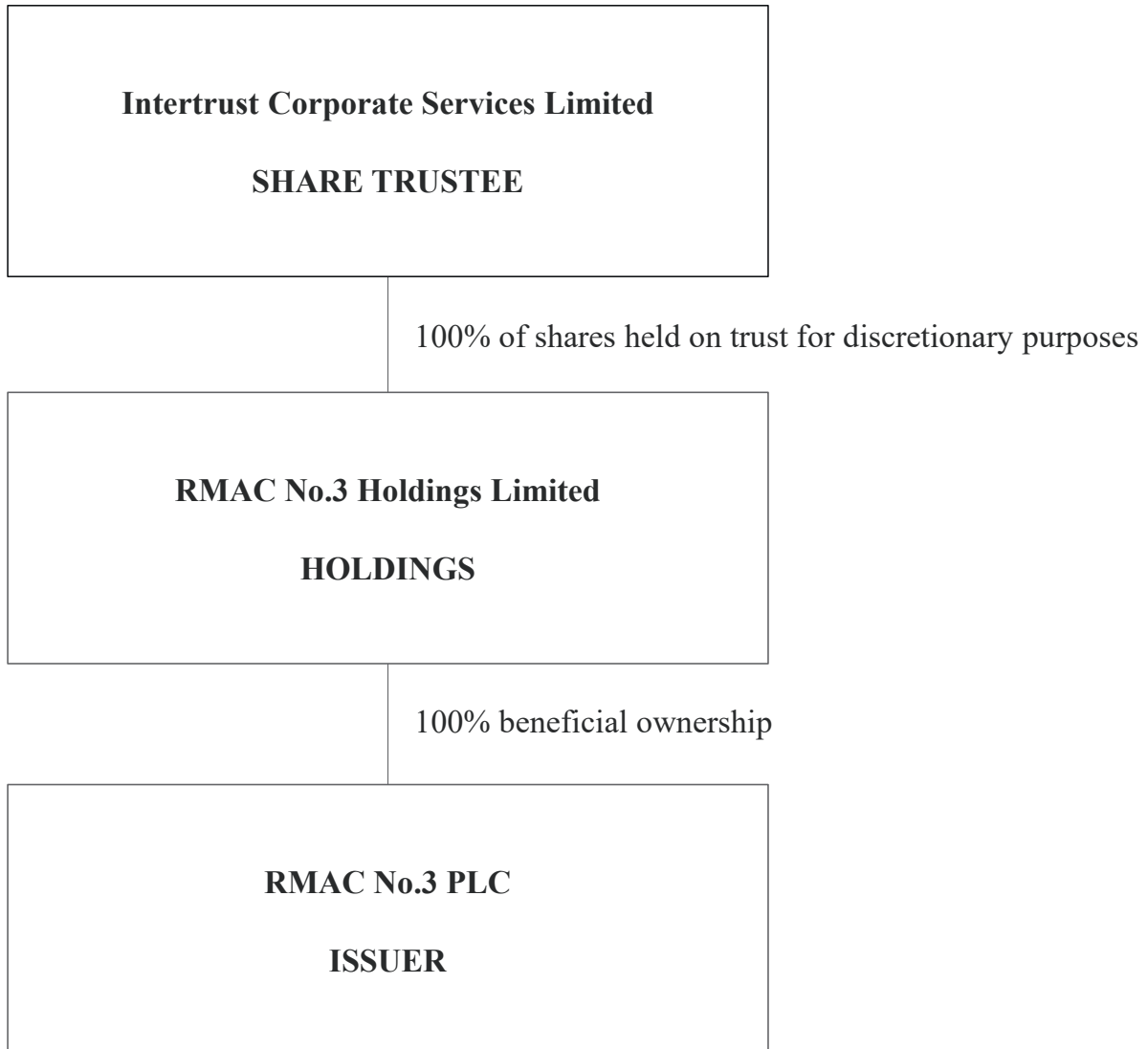


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- 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"	RMAC No.3 PLC	1 Bartholomew Lane, London EC2N 2AX United Kingdom	See the section entitled " <i>The Issuer</i> " for further information.
"Holdings"	RMAC No.3 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.
"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 – Servicing Agreement</i> " for further information.



<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Cash Manager"</b>	U.S. Bank Global Corporate Trust Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	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.
<b>"Issuer Account Bank"</b>	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 – The Issuer Account Bank Agreement</i> " and " <i>Issuer Account Bank</i> " for further information.
<b>"Global Collection Account Bank"</b>	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.
<b>"Collection Account Bank"</b>	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.
<b>"Security Trustee"</b>	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.
<b>"Note Trustee"</b>	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.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Principal Paying Agent" and "Agent Bank"</b>	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.
<b>"Registrar"</b>	Elavon Financial Services DAC	Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland D18 W2X7	In respect of the Notes and Certificates, the Agency Agreement, by the Issuer. See the section entitled " <i>Terms and Conditions of the Notes</i> " and " <i>Terms and Conditions of the Certificates</i> " for further information.
<b>"Corporate Services Provider"</b>	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.
<b>"Share Trustee"</b>	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:**

<b>"Joint Arranger" and "Joint Lead Manager"</b>	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.
<b>"Joint Arranger" and "Joint Lead Manager"</b>	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.
<b>"Joint Lead Manager"</b>	BofA Securities	2 King Edward Street London EC1A 1HQ	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>"Joint Lead Manager"</b>	Macquarie Bank Europe Designated Activity Company	First Floor, Connaught House, 1 Burlington Road, Dublin 4, D04C5Y6, Ireland	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.
<b>"Joint Lead Manager"</b>	Macquarie Bank Limited, London Branch	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom	The Subscription Agreement. See the section entitled " <i>Subscription and Sale</i> " for further information.

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>"Co-Manager"</b>	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.
<b>"Competent Authority"</b>	Central Bank of Ireland	New Wapping Street, North Wall Quay, Dublin 1, Ireland	N/A
<b>"Stock Exchange"</b>	Euronext Dublin	28 Anglesea Street, Dublin 2, Ireland	N/A
<b>"Clearing Systems"</b>	Euroclear Bank S.A. / N.V.	1, Boulevard du Roi Albert II B - 1210 Brussels Belgium	N/A
	Clearstream Banking, S.A.	42 Avenue JF Kennedy L-1855 Luxembourg	N/A
<b>"Rating Agencies"</b>	Fitch Ratings Ltd	30 North Colonnade, London E14 5GN	N/A
	S&P Global Ratings Europe Limited (S&P Global)	20 Canada Square, London E14 5LH, United Kingdom	N/A
<b>"Original Lenders"</b>	GMAC-RFC Limited (currently known as Paratus AMC Limited),	5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA	See the section entitled " <i>The Original Lenders</i> " for further information.
	Amber Homeloans Limited,	The Bailey, Skipton, North Yorkshire BD23 1DN	See the section entitled " <i>The Original Lenders</i> " for further information.
	Future Mortgages 1 Limited,	55 Baker Street, London, W1U 7EU	See the section entitled " <i>The Original Lenders</i> " for further information.
	the CL Original Lenders	N/A	See the section entitled " <i>The Original Lenders</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 have been originated by GMAC-RFC (the "**GMAC Mortgage Loans**") and the CL Original Lenders (the "**CL Mortgage Loans**" and together with the GMAC Mortgage Loans, the "**GMAC-RFC Mortgage Loans**"), by Amber (the "**Amber Mortgage Loans**"), and by FM (the "**FM Mortgage Loan**") and the beneficial title to the Mortgage Loans and their Related Security has (prior to the sale thereof to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement) been purchased on or before the Closing Date by the Seller pursuant to certain antecedent agreements.

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 and the Northern Irish 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 the 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 or a Northern Irish 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 Scottish Declaration of Trust and the release of such Mortgage Loan and its Related Security from the 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 and the Registers of Northern Ireland to register or record its equitable or beneficial interest in the English Mortgages or the Northern Irish Mortgage Loans (as applicable) 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, Registers of Northern Ireland and/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, Wales and Northern Ireland and by first ranking standard securities over heritable or long lease properties in Scotland.

Type of Borrower	Non-conforming, Near Prime and Prime
Type of mortgage	Repayment, Part and Part and Interest Only
Number of loans in the Provisional Mortgage Portfolio	4,607
Self-Certified Mortgage Loans	64.04 per cent. by aggregate Current Balance
Non-Income Verified Mortgage Loans	16.45 per cent. by aggregate Current Balance
First time buyer Mortgage Loans	13.04 per cent. by aggregate Current Balance
Right to Buy Mortgage Loans	8.87 per cent. by aggregate Current Balance
Buy-to-Let Mortgage Loans	10.33 per cent. by aggregate Current Balance
Owner-occupied properties	89.67 per cent. by aggregate Current Balance

	<u>Average</u>	<u>Minimum</u>	<u>Maximum</u>
Current Balance	£74,821	£6	£538,082
	<b><u>Weighted Average</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Current LTV (%) .....	70.40	0.01	150.30
Seasoning (years).....	18.48	12.85	24.94
Remaining Term (years).....	5.57	0.08	15.40

See the section entitled "*The Mortgage Portfolio and the Mortgage Loans* – " 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 £344,695,000.00, which is due and payable on the Closing Date in respect of the Mortgage Portfolio (the "**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: (i) the Revenue Receipts in respect of the Mortgage Loans received from (and including) the Closing Date to (and including) 30 September 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 Current Balance of the Mortgage Loans as at the close of business on the Cut-Off Date and the Current 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 Purchase Price.

**Certificateholders:**

The 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 in relation to the Mortgage Loans and

their Related Security comprising the Mortgage Portfolio on the Closing Date, which include, among others, the following:

- (a) each Mortgage Loan is secured by way of a first ranking legal mortgage or charge in England, Wales and Northern Ireland (or, if in Scotland, first ranking standard security) except in cases of Northern Irish Mortgages Loans where Borrowers have failed to make payments to the Land & Property Services of the Department of Finance and Personnel (the "LPS"), and the LPS have sought a charging order and charge that ranks in priority to the Paratus' charge for amounts due to them (plus costs);
- (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 without undue delay on the part of the Seller or on the part of those within its control;
- (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, Wales, Scotland or Northern Ireland.

See the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" and section "*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 (which the Seller fails to remedy within a 65-day grace period (the "**Grace Period**")).

The Seller shall have no liability for a breach of a Mortgage Loan Warranty 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.

In addition, the Seller will be required to repurchase Mortgage Loans and their Related Security where the Seller has determined that it will accept a request from a Borrower for or that the Servicer or the Seller has determined that it will issue an offer of (i) a Further Advance, or (ii) a Port, or (iii) a Product Switch, following the repurchase of the relevant Mortgage Loan and the Related Security. The Seller shall not accept a request from a Borrower for, or issue an offer of, a Further Advance, a Port or a Product Switch prior to the repurchase of a Mortgage Loan by the Seller.

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*" 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 date as the Issuer and Portfolio Call Option Holder may agree (such date to be notified to the Noteholders and Certificateholders) and 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**

Pursuant to the Mortgage Sale Agreement, following the occurrence of a Risk Retention Regulatory Change Event (and subject to two directors of the Retention



**Risk Retention  
Regulatory Change  
Option:**

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 two Business Days prior to 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 E Notes	Class F Notes	Class Z1 Notes	Class Z2 Notes	RC1 Residual Certificates	RC2 Residual Certificates
<b>Principal Amount:</b>	£303,334,000	£12,926,000	£3,446,000	£2,585,000	£7,928,000	£3,274,000	£11,202,000	£5,170,000	N/A	N/A
<b>Credit enhancement features:</b>	Accumulated Overcollateralisation arising in prior periods (if any), overcollateralisation funded by the Notes (other than the Class A Notes and the Class Z2 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 Z2 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	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 Z2 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	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 Z2 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	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 Z2 Notes), the Class D 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	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 Z2 Notes), the Class D Notes and Available Revenue Receipts remaining after payment of interest due in respect of the Class E 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	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, the Class E Notes, the Class F Notes and the Class Z2 Notes) and Available Revenue Receipts remaining after payment of interest due in respect of the Class F 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	Accumulated Overcollateralisation arising in prior periods (if any), 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

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class Z1 Notes	Class Z2 Notes	RC1 Residual Certificates	RC2 Residual Certificates
		Notice, amounts standing to the credit of the Liquidity Reserve Ledger	Notice, amounts standing to the credit of the Liquidity Reserve Ledger	standing to the credit of the Liquidity Reserve Ledger	following the delivery of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Ledger	standing to the credit of the Liquidity Reserve Ledger				
<b>Liquidity support features:</b>	Subordination in payment of interest of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the 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	Subordination in payment of interest of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Certificates, Available 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	Subordination in payment of the Class D Notes, the Class E Notes, the Class F Notes, the Class Z Notes and the Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits when the Class C Notes are the Most Senior Class of Notes and the availability of amounts standing to the credit of the	Subordination in payment of the Class E Notes, the Class F Notes, the Class Z Notes and the Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits when the Class D Notes are the Most Senior Class of Notes and the availability of amounts standing to the credit of the	Subordination in payment of the Class F Notes, the Class Z Notes and the Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits when the Class E Notes are the Most Senior Class of Notes and the availability of amounts standing to the credit of the	Subordination in payment of the Class Z Notes and the Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits when the Class F Notes are the Most Senior Class of Notes and the availability of amounts standing to the credit of the	Subordination in payment of the Class Z Notes and the Certificates, Available Redemption Receipts applied as Principal Addition Amounts to conditionally provide for any Revenue Deficits when the Class F Notes are the Most Senior Class of Notes and the availability of amounts standing to the credit of the		N/A	N/A

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class F Notes</b>	<b>Class Z1 Notes</b>	<b>Class Z2 Notes</b>	<b>RC1 Residual Certificates</b>	<b>RC2 Residual Certificates</b>
		credit of the Credit Reserve Ledger								
<b>Issue Price:</b>	100%	100%	100%	100%	100%	100%	100%	100%	N/A	N/A
<b>Reference Rate:</b>	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A	N/A	N/A	N/A
<b>Margin:</b>	1.20%	2.60%	3.60%	4.85%	6.85%	8.50%	N/A	N/A	N/A	N/A
<b>Step-Up Margin (from the Optional Redemption Date):</b>	1.80%	3.60%	4.60%	5.85%	7.85%	9.50%	N/A	N/A	N/A	N/A
<b>Interest Accrual Method:</b>	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	N/A	N/A	N/A	N/A
<b>Interest Payment Dates:</b>	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	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	15th day of February, May, August and November in each year	15th day of February, May, August and November in each year
<b>First Interest Payment Date:</b>	15 February 2024	15 February 2024	15 February 2024	15 February 2024	15 February 2024	15 February 2024	15 February 2024	15 February 2024	N/A	N/A
<b>Final Maturity Date:</b>	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	The Interest Payment Date falling in February 2047	N/A	N/A
<b>Optional Redemption Date:</b>	The Interest Payment Date	The Interest Payment Date	The Interest Payment Date	The Interest Payment Date	The Interest Payment Date	The Interest Payment Date	The Interest Payment Date	The Interest Payment Date	N/A	N/A

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class F Notes</b>	<b>Class Z1 Notes</b>	<b>Class Z2 Notes</b>	<b>RC1 Residual Certificates</b>	<b>RC2 Residual Certificates</b>	
	falling in August 2026	falling in August 2026	falling in August 2026	falling in August 2026	falling in August 2026	falling in August 2026	falling in August 2026	falling in August 2026			
<b>Application for Exchange Listing:</b>	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A	N/A	
<b>ISIN:</b>	XS2666572693	XS2666572776	XS2666572933	XS2666573071	XS2666573154	XS2666573238	XS2666573584	XS2666573667	XS2667564293	XS2667564616	
<b>Common Code:</b>	266657269	266657277	266657293	266657307	266657315	266657323	266657358	266657366	266756429	266756461	
<b>CFI:</b>	DBVXFR	DBVXFR	DBVXFR	DBVXFR	DBVXFR	DBVXFR	DBVXFR	DBVXFR	DMMXXR	DMMXXR	
<b>FISN:</b>	RMAC NO.3 PLC/VARASST BKD 20470212	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215	RMAC NO.3 PLC/VARASST BKD 20470215
<b>Ratings (S&amp;P / Fitch):</b>	AAA(sf) / AAA(sf)	AA+ (sf) / AA(sf)	AA(sf) / A+(sf)	A+(sf) / A(sf)	BBB-(sf) / BB+(sf)	B+(sf) / B(sf)	N/A	N/A	N/A	N/A	
<b>Minimum Denomination:</b>	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	N/A	N/A	
<b>Governing law of the Notes/ Certificates:</b>	English	English	English	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.

## GENERAL CHARACTERISTICS OF THE NOTES AND THE 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 February 2047 (the "**Class A Notes**");
- Class B Mortgage Backed Floating Rate Notes due February 2047 (the "**Class B Notes**");
- Class C Mortgage Backed Floating Rate Notes due February 2047 (the "**Class C Notes**");
- Class D Mortgage Backed Floating Rate Notes due February 2047 (the "**Class D Notes**");
- Class E Mortgage Backed Floating Rate Notes due February 2047 (the "**Class E Notes**");
- Class F Mortgage Backed Floating Rate Notes due February 2047 (the "**Class F Notes**");
- Class Z1 Mortgage Backed Notes due February 2047 (the "**Class Z1 Notes**"); and
- Class Z2 Notes due February 2047 (the "**Class Z2 Notes**"),

and together, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are the "**Collateralised Rated Notes**". The Class Z1 Notes together with the Class Z2 Notes are the "**Class Z Notes**". The Collateralised Rated Notes together with the Class Z1 Notes are the "**Collateralised Notes**". 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*" below.

**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 "**Certificates**" and the holders thereof, the "**RC1 Certificateholders**" and the "**RC2 Certificateholders**") (respectively), 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 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 E 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 the Class C Notes and the Class D Notes (as provided in the Conditions and the Transaction Documents).

The Class F 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 the Class C Notes, the Class D Notes and the Class E 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 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 Certificates.

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 Certificates in respect of payments of interest and principal at all times (as provided in the Conditions and the Transaction Documents).

**Security:**

Pursuant to a deed of charge made between, among others, the Issuer and the Security Trustee (the "**Deed of Charge**"), the Notes and 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 on the Closing Date (or, in the case of (d) below, pursuant to a supplemental charge on the Closing Date), the Notes and 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, the Scottish Declaration of Trust, any Scottish Sub-Security and any Scottish Supplemental Charge) and any sums derived therefrom;
- (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 the Northern Irish Mortgage Loans and their Related Security and other related rights comprising the Mortgage Portfolio (other than in respect of Scottish Mortgage Loans) 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 (pursuant to 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 (other than any interest previously deferred in accordance with Condition 18 (*Subordination by Deferral*) in respect of any Class E Notes or the Class F Notes where such Class of Notes are the Most Senior Class of Notes) may not be deferred. Interest due and payable on the Notes (other than interest due in respect of the Most Senior Class of Notes, with the exception of interest previously deferred in accordance with Condition 18 (*Subordination by Deferral*) in respect of the Class E Notes or the Class F Notes where such Class of Notes are 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 February 2047 (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*).

- 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;
  - (e) *fifth*, on a *pari passu* and *pro rata* basis, to repay the Class E Notes until they are repaid in full;
  - (f) *sixth*, on a *pari passu* and *pro rata* basis, to repay the Class F Notes until they are repaid in full; and
  - (g) *seventh*, 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 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 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 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 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 Conditions 12.2 (*Preservation of Assets*) and 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 Certificates are limited recourse obligations of the Issuer.

**Governing Law:**

English law (**provided that** any terms of the Transaction Documents which are particular to Northern Irish law will be governed by and construed in accordance with Northern Irish law and any terms of the Transaction Documents which are particular to Scots law will be governed by and construed in accordance with Scots law and the 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 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 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 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>
<b>Notice period:</b>	At least 21 clear days	At least ten clear days
<b>Quorum:</b>	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 Certificates then in issue, as applicable, for	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 of Certificates then in issue, as applicable, for transaction of business

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 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 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 7] per cent. of the votes cast on such poll (an "**Extraordinary Resolution**").

**Required majority for a**

Not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then

**written resolution:** outstanding or not less than 75 per cent. of the number of the relevant Class or Classes of Certificates then in issue. 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 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; or



- 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**").

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 which are subordinate to such Most Senior Class of Notes at any given time and on the 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 Certificates, the holders of all Classes 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 and, in the case of the Certificates, all Classes of Notes).

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 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 holders of only one Class of Certificates 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 or Certificates so affected.

**"Clearing System"** means Euroclear and/or Clearstream, Luxembourg and includes, in respect of any Note and/or Certificate, any clearing system on behalf of which such Note and/or Certificate is held or which is the holder (directly or through a nominee) or registered owner of a Note and/or a 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 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 February 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 February 2024, as provided by the Servicer to the Cash Manager (to the satisfaction of the Cash Manager), and the Servicer will publish such Data Tape via the UK Securitisation Repository (at <https://www.secrep.co.uk>) and the EU Securitisation Repository (at <https://www.secrep.eu>); and
- (d) the Issuer will procure that the Servicer or another third party will:
  - (i) 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 (5) Business Days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus on the website of [www.euroabs.com](http://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 make otherwise available the reports and information referred to in paragraph (b) 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 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 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 (t) of the Pre-Enforcement Revenue Priority of Payments;
- (f) amounts determined to be applied as Available Revenue Receipts in accordance with item (i) of the Pre-Enforcement Redemption Priority of Payments;
- (g) any amounts to be debited from the Liquidity Reserve Ledger over and above the Liquidity Reserve Required Amount;
- (h) 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
- (i) 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:*



- (j) 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 (f), (i), (k), (m), (o), (q) and (s) 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;

*less:*

- (g) 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*".

<b>Pre-Enforcement Revenue Priority of Payments:</b>	<b>Pre-Enforcement Redemption Priority of Payments:</b>	<b>Post-Enforcement Priority of Payments:</b>
(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, the Corporate Services Provider, the Issuer Account Bank, the Global Collection Account Bank, the Collection Account Bank, Paratus (if applicable) (insofar as any such amounts are attributable to the Issuer's Share of the	(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, the Corporate Services Provider, the Issuer Account Bank, the Global Collection Account Bank, Paratus (if
	(c) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero	
	(d) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class C	

<b>Pre-Enforcement Revenue Priority of Payments:</b>	<b>Pre-Enforcement Redemption Priority of Payments:</b>	<b>Post-Enforcement Priority of Payments:</b>
Global Collection Account Trust and/or the Portfolio Transaction Accounts Trust)	Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero	applicable) (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)
(c) <i>Pro rata</i> and <i>pari passu</i> to pay Third Party Expenses and Transfer Costs (if any)	(e) <i>Pro rata</i> and <i>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	(c) To pay Transfer Costs (if any)
(d) Issuer Profit Amount	(f) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero	(d) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class A Notes
(e) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class A Notes	(g) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero	(e) <i>Pro rata</i> and <i>pari passu</i> to the amounts of principal due and payable on the Class A Notes
(f) Amounts to be credited to the Class A Principal Deficiency Sub-Ledger	(h) On or prior to the Final Redemption Date, to credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount	(f) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class B Notes
(g) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class B Notes	(g) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class B Notes	(g) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class B Notes
(h) On or prior to the Final Redemption Date, to credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount		

<b>Pre-Enforcement Revenue Priority of Payments:</b>	<b>Pre-Enforcement Redemption Priority of Payments:</b>	<b>Post-Enforcement Priority of Payments:</b>
(i) Amounts to be credited to the Class B Principal Deficiency Sub-Ledger	(h) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on: (i) the Class Z1 Notes until the Principal Amount Outstanding of the Class Z1 Notes has been reduced to zero; and (ii) the Class Z2 Notes until the Principal Amount Outstanding of the Class Z2 Notes has been reduced to zero	(h) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class C Notes
(j) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class C Notes	(i) Any excess amounts to be applied as Available Revenue Receipts	(i) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class C Notes
(k) Amounts to be credited to the Class C Principal Deficiency Sub-Ledger	(j) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class D Notes	(j) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class C Notes
(l) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class D Notes	(k) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class D Notes	(k) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class C Notes
(m) Amounts to be credited to the Class D Principal Deficiency Sub-Ledger	(l) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class E Notes	(l) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class D Notes
(n) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class E Notes	(m) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class E Notes	(m) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class E Notes
(o) Amounts to be credited to the Class E Principal Deficiency Sub-Ledger		
(p) <i>Pro rata</i> and <i>pari passu</i> to the interest due		

<b>Pre-Enforcement Revenue Priority of Payments:</b>	<b>Pre-Enforcement Redemption Priority of Payments:</b>	<b>Post-Enforcement Priority of Payments:</b>
on the Class F Notes		(n) <i>Pro rata</i> and <i>pari passu</i> to the amounts of unpaid interest due and payable on the Class F Notes
(q) Amounts to be credited to the Class F Principal Deficiency Sub-Ledger		(o) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due and payable on the Class F Notes
(r) To credit the Credit Reserve Ledger up to the Credit Reserve Required Amount		(p) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts outstanding on: (i) the Class Z1 Notes until the Principal Amount Outstanding of the Class Z1 Notes has been reduced to zero; and (ii) the Class Z2 Notes until the Principal Amount Outstanding of the Class Z2 Notes has been reduced to zero
(s) Amounts to be credited to the Junior Principal Deficiency Sub-Ledger		
(t) 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		
(u) On any Interest Payment Date occurring on or after the Optional Redemption Date, to apply all amounts remaining as Available		(q) Any Third Party Expenses (if any) and any amounts in excess of amounts already credited to the Issuer Profit

<u>Pre-Enforcement Revenue Priority of Payments:</u>	<u>Pre-Enforcement Redemption Priority of Payments:</u>	<u>Post-Enforcement Priority of Payments:</u>
Redemption Receipts for so long as any of the Collateralised Rated Notes remain outstanding		Ledger prior to such Interest Payment Date and required to discharge any liability of the Issuer for corporation tax of the Issuer
(v) <i>Pro rata</i> and <i>pari passu</i> all remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders		(r) Issuer Profit Amount  (s) <i>Pro rata</i> and <i>pari passu</i> all 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 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 (h) 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 Z2 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 (r) 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), the Class E Principal Deficiency Sub-Ledger (relating to the Class E Notes), the Class F

Principal Deficiency Sub-Ledger (relating to the Class F Notes) and the Junior Principal Deficiency Sub-Ledger (relating to the Class Z1 Notes and 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 F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (c) third, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (d) fourth, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (e) fifth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes, (f) sixth, 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 (g) seventh, 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*".

**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**"). 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, 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 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 a General Transaction Collection Account are (subject to certain conditions including payment of certain Third Party Amounts) transferred from that 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>
<b>Issuer Account Bank:</b>	<p>(a) in the case of S&amp;P, an unsecured, unguaranteed and unsubordinated long-term debt obligations rating of at least "A" by S&amp;P; and</p> <p>(b) in respect of Fitch, a long-term deposit rating of at least A by Fitch or a short-term deposit rating of at least "F1" by Fitch,</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 "<b>Account Bank Minimum Rating</b>" and together, the "<b>Account Bank Minimum Ratings</b>").</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 Notes or withdrawing, qualifying or putting such current rating assigned to any Class or Classes of 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 agree</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
<b>Global Collection Account Bank:</b>	A long-term deposit rating of at least BBB by Fitch or a short-term deposit rating of at least "F2" by Fitch 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 " <b>Collection Account Bank Minimum Rating</b> " and together, the " <b>Collection Account Bank Minimum Ratings</b> ").	<p data-bbox="1062 304 1391 398">will not result in a downgrade of the Collateralised Rated Notes,</p> <p data-bbox="963 439 1391 499">in each case as prescribed in the Issuer Account Bank Agreement.</p> <p data-bbox="963 539 1391 808">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="963 848 1391 1912">(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> <li data-bbox="963 1953 1391 2013">(b) obtain or procure the obtaining of a guarantee (in</li> </ul>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
<b>Collection Account Bank:</b>	<p>(a) in respect of S&amp;P a long-term, unsecured, unsubordinated and unguaranteed debt rating of BBB; and</p> <p>(b) in respect of Fitch, a long-term deposit rating of at least BBB by Fitch or a short-term deposit rating of at least "F2" by Fitch, 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 "<b>Collection Account Bank Minimum Rating</b>" and together, the "<b>Collection Account</b></p>	<p>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 Global Collection Account Bank's obligations under the Global Collection Bank Account 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</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
	Bank Minimum Ratings").	<p data-bbox="1061 293 1398 1332">Bank Agreement and the Servicing Agreement and procure that the funds standing to the credit of the 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 data-bbox="965 1366 1398 2020">(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</p>

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following:</u>
		<p data-bbox="1053 291 1399 369">Account Bank Minimum Ratings,</p> <p data-bbox="957 403 1399 817">in each case within a period not exceeding 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) and transfer all Direct Debit mandates to such replacement collection account following the date on which the replacement account is opened.</p>

## 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 factor 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 RC2 Certificateholders (if no Notes are outstanding), as more fully set out in the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*".

See "*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:	The servicing fees (the " <b>Servicing Fees</b> ") 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 Current 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.	Ahead of all outstanding Notes and Certificates.	Payable quarterly in arrear on each Interest Payment Date.
	The Servicing Fees shall be inclusive of any VAT.		
Other fees and expenses of the Issuer (including tax and audit costs):	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.	Ahead of all outstanding Notes and Certificates.	Payable up to every quarter in arrear on each Interest Payment Date.
Expenses related to the admission to trading of the Notes:	€3,300	Ahead of all outstanding Notes and 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 not less than five per cent. of each Class of Notes sold to the investors (being each Class of Notes) 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 as 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 Original Lenders**

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 for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) confirms that:

- (a) it granted all the GMAC Mortgage Loans ;
- (b) it has verified that the Amber Homeloans Limited granted the Amber Mortgage Loans;
- (c) it has verified that the CL Original Lenders granted the CL Mortgage Loans; and
- (d) it has verified that FM granted the FM Mortgage Loan,

on the basis of the same sound and well-defined criteria for credit-granting which it (or the relevant Original Lender, as applicable) applied to non-securitised exposures, including the same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits and it (or the relevant Original Lender, as applicable) had effective systems in place to apply those criteria and processes in order to ensure that credit-granting was based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting his obligations under the credit agreement, in each case in accordance with (i) Article 9(1) and 9(3) of the UK Securitisation Regulation and (ii) Article 9(1) and 9(3) of the EU Securitisation Regulation (as if it were applicable to Paratus and solely as it applies on the Closing Date), which include:

- (i) in the case of the GMAC-RFC Mortgage Loans, criteria for the granting of the Mortgage Loans and the underwriting of the mortgage loans (see "*The Mortgage Portfolio and the Mortgage Loans*");
- (ii) 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 Servicer – see "*Summary of the Key Transaction Documents – Servicing Agreement*");
- (iii) adequate diversification of the Seller's mortgage loan books, given their target market and overall credit strategy (see "*Characteristics of the Provisional Mortgage Portfolio*"); and
- (iv) 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, 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 Current Balance of the Mortgage Loans comprising the Mortgage Portfolio is £344,698,587 and that the amortisation schedule 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 (t) 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) that the Closing Date is 27 September 2023;
- (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 "*Assuming exercise of Portfolio Call Option 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 "*Assuming exercise of Portfolio Call Option on Optional Redemption Date*", that the Notes are redeemed at their Principal Amounts Outstanding on the Optional Redemption Date;
- (i) in the case of the table entitled "*Assuming no exercise of Portfolio Call Option on or after Optional Redemption Date*", that 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) all SVR Mortgage Loans are assumed to have an interest rate constant and equal to the same respective Mortgage Loan's current interest rate as of the Cut-Off Date;
- (l) that BBR is equal to 5.25 per cent.;

- (m) that no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (n) that no interest is earned on the Issuer Account;
- (o) subject to paragraph (t) below, that fees in respect of the Mortgage Portfolio are equal to the sum of:
  - (i) variable fees equal to 0.25 per cent. per annum of the aggregate Current 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) (distributed equally through time);
- (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) that no early repayment charges are assumed for the Mortgage Loans;
- (r) that all interest collections in respect of the Mortgage Portfolio arising from 1 September 2023 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 the 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), (ii) and (iii) 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;
  - (ii) accrual of interest on the Mortgage Loans; and
  - (iii) accrual of fees referred to in paragraph (o)(i) above;
- (u) that each Interest Payment Date falls on the 15th day of February, May, August and November (adjustment for the week days to be made with no regard as to whether such week day is a bank holiday or not), with the First Interest Payment Date falling on 15 February 2024;
- (v) that, as of the Closing Date, the ratio of the Principal Amount Outstanding of: (i) the Class A Notes represents exactly 88.00 per cent. of the Current Balance of the Mortgage Loans; (ii) the Class B Notes represents exactly 3.75 per cent. of the Current Balance of the Mortgage Loans; (iii) the Class C Notes represents exactly 1.00 per cent. of the Current Balance of the Mortgage Loans; (iv) the Class D Notes represents exactly 0.75 per cent. of the Current Balance of the Mortgage Loans; (v) the Class E Notes represents exactly 2.30 per cent. of the Current Balance of the Mortgage Loans; (vi) the Class F Notes represents exactly 0.95 per cent. of the Current Balance of the Mortgage Loans; (vii) the Class Z1 Notes represents exactly 3.25 per cent. of the Current Balance of the Mortgage Loans; and (viii) the Class Z2 Notes represents exactly 1.50 per cent. of the Current Balance of the Mortgage Loans;
- (w) items (i) and (j) of the Available Revenue Receipts and item (g) of the Available Redemption Receipts are considered as zero; and
- (x) no Revenue Deficit occurs.

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:

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

CPR	Assuming no exercise of Portfolio Call Option on or after Optional Redemption Date					
	WAL (in years) of:					
	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
0% .....	4.39	7.14	7.32	7.73	8.69	9.14
5% .....	3.65	6.98	7.14	7.14	7.39	8.15
6.5% .....	3.45	6.91	7.14	7.14	7.22	7.64
8.0% .....	3.26	6.87	6.97	7.14	7.15	7.40
10% .....	3.02	6.76	6.89	6.89	7.14	7.14
12.5% .....	2.75	6.60	6.89	6.89	7.01	7.14
15% .....	2.51	6.44	6.64	6.75	6.90	7.14
17.5% .....	2.29	6.23	6.51	6.64	6.78	6.89

CPR	Assuming exercise of Portfolio Call Option on Optional Redemption Date					
	WAL (in years) of:					
	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
0% .....	2.42	2.89	2.89	2.89	2.89	2.89
5% .....	2.22	2.89	2.89	2.89	2.89	2.89
6.5% .....	2.17	2.89	2.89	2.89	2.89	2.89
8.0% .....	2.11	2.89	2.89	2.89	2.89	2.89
10% .....	2.03	2.89	2.89	2.89	2.89	2.89
12.5% .....	1.94	2.89	2.89	2.89	2.89	2.89
15% .....	1.85	2.89	2.89	2.89	2.89	2.89
17.5% .....	1.77	2.89	2.89	2.89	2.89	2.89

For further information in relation to the risks involved in the use of the average lives estimated above, see "*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*".



## 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 Certificates are represented by Definitive Certificates) the holder of greater than 50 per cent. of the RC1 Residual Certificates or (where the RC1 Residual Certificates are represented by a Global Certificate) the holder 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. of the RC1 Residual Certificates or, as applicable, beneficial interest in more than 50 per cent. 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 August 2026 (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 immediately following service of the Exercise Notice on which the Notes or such earlier other date as the Issuer and the 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 Certificates**

On the Interest Payment Date 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 the Interest Payment Date immediately following the Optional Portfolio Purchase Completion 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 Certificates Conditions, the 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 (r) 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 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 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 two Business Days prior to 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 (r) (inclusive) of the Post-Enforcement Priority of Payments on the Interest Payment Date 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 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 Certificates**

On the Interest Payment Date 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 Certificates Conditions, the 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 £349,865,000.

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

- (a) pay the 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; and
- (c) retain certain amounts and pay certain fees and expenses of the Issuer incurred in connection with the issue of the Notes and the 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 Fitch and S&P. The Class Z1 Notes and the Class Z2 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.

<b>Class of Notes</b>	<b>Fitch</b>	<b>S&amp;P</b>
Class A Notes	AAA(sf)	AAA(sf)
Class B Notes	AA(sf)	AA+(sf)
Class C Notes	A+(sf)	AA(sf)
Class D Notes	A(sf)	A+(sf)
Class E Notes	BB+(sf)	BBB-(sf)
Class F Notes	B(sf)	B+(sf)
Class Z1 Notes	Not rated	Not rated
Class Z2 Notes	Not rated	Not rated

The ratings assigned by Fitch address, *inter alia*:

- in respect of the Collateralised Rated Notes, the likelihood of full and timely payment of interest due to the holders of each of the Class A Notes and Class B Notes on each Interest Payment Date, and the likelihood of full and timely payment of interest due to the holders of each of the Class C Notes, Class D Notes, the Class E Notes and the Class F Notes respectively, on each Interest Payment Date when such Class of Notes are the Most Senior Class of Notes;
- the likelihood of full payment to the holders of the Collateralised Rated Notes of all payments of interest in relation to the Collateralised Rated Notes by a date that is not later than the Final Maturity Date; and
- the likelihood of full and ultimate payment to the holders of the Collateralised Rated Notes of principal 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, the likelihood of full and timely payment of interest due to the holders of the Class A Notes on each Interest Payment Date;
- in respect of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes, the likelihood of full and timely payment of interest to the holders of the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F 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 3 April 2023 (registered number 14776830) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom. 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 Certificates. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5(b) (*Covenants*) and 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, and procure the service of a company secretary. 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 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
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The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their principal activities are as follows:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Wenda Adriaanse	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:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director

Wenda Adriaanse	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 3 April 2023 (registered number 14775588) 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>
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Wenda Adriaanse	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:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX United Kingdom	Director
Wenda Adriaanse	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 with approximately £5.5 billion comprising of 35,529 mortgage loans under management as of 31 May 2023 (including owner-occupied and 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 for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) has made available the following information (or has procured that such information is made available or, in the case of item (d) below, may have endeavoured to make available):

- (a) confirmation that, as far as the Seller is aware, the Original Lenders were not credit institutions or investment firms as defined in points (1) and (2) of Article 4(1) of Regulation (EU) No. 575/2013 at the time of origination of the relevant Mortgage Loans in the Mortgage Portfolio;
- (b) confirmation that the Retention Holder (as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) 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 obligated to:
  - (i) to 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 of 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.*

## 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 part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, the Corporate Trust business is conducted in combination with Elavon Financial Services DAC (the legal entity through which Corporate Trust banking and certain agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate Trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and 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](http://www.usbank.com).

*Source - U.S. Bank Global Corporate Trust.*

## ISSUER ACCOUNT BANK

Elavon Financial Services DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, Ireland D18 W2X7.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the UK Financial Conduct Authority and Prudential Regulation Authority.

In Europe, the Corporate Trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entity through which certain Corporate Trust agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate Trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The Corporate Trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and 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](http://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 part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, the Corporate Trust business is conducted in combination with Elavon Financial Services DAC, U.S. Bank Global Corporate Trust Limited (the legal entities through which Corporate Trust banking and agency appointments are conducted) and U.S. Bank National Association (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate Trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and 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](http://www.usbank.com).

*Source - U.S. Bank Trustees Limited.*

## THE ORIGINAL LENDERS

### **Paratus AMC Limited (formerly known as GMAC-RFC Limited)**

Paratus AMC Limited (formerly known as GMAC-RFC Limited) ("**GMAC-RFC**") 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.

Paratus is authorised by the FCA to conduct its business.

### **Amber Homeloans Limited**

Amber Homeloans Limited ("**Amber**") is a private limited company with company number 02819645 incorporated in England and Wales under the Companies Act 1985 on 19 May 1993. Amber was originally known as Pinkard Limited, but changed its name to Stroud and Swindon Mortgage Company Limited on 6 September 1993 and to Stroud and Swindon Mortgage Company (No 2) Limited on 9 February 1994. It became known as Amber on 4 June 2001.

The registered office of Amber is The Bailey, Skipton, North Yorkshire, United Kingdom, BD23 1DN.

### **CL Original Lenders**

There were a large number of CL Original Lenders and, since the origination process and documentation were described in the section of this Prospectus entitled "*The Mortgage Portfolio and the Mortgage Loans*" and the relevant Mortgage Loans were funded by and immediately acquired by Paratus, no further description of the individual CL Original Lenders is provided in this Prospectus.

### **Future Mortgages 1 Limited**

Future Mortgages 1 Limited ("**FM**") is a private limited company with company number 03200878 incorporated in England and Wales under the Companies Act 1985 on 20 May 1996. FM was originally known as Systemapex Limited, but changed its name to Future Mortgage Limited on 17 June 1996 and to Future Mortgages Ltd on 2 October 1998. It became known as FM on 1 November 2004. FM is currently under liquidation.

The registered office of FM is 55 Baker Street, London, W1U 7EU.

*Source – Paratus AMC Limited*

## 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 and 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 Barclay Group's operations include consumer banking and payment services in the UK, U.S. and Europe, as well as a global corporate and investment bank. The Barclays Group operates as two divisions – the Barclays UK ("**Barclays UK**") and the Barclays International division ("**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 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 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.

## **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 portfolio of mortgage loans which the Seller will transfer the beneficial title to on the Closing Date (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 between 31 May 2023 (the "**Portfolio Reference Date**") and the Cut-Off Date. As at the Portfolio Reference Date, the Provisional Mortgage Portfolio had the characteristics shown below. See "*Characteristics of the Provisional Mortgage Portfolio*".

The majority of the Provisional Mortgage Portfolio comprises Mortgage Loans and their Related Security beneficial title to which was originally securitised under a number of residential mortgage securitisation transactions issued between 2003 and 2005, namely RMAC 2003-NS1 PLC, RMAC 2003-NS2 PLC, RMAC 2003-NS3 PLC, RMAC 2003-NS4 PLC, RMAC 2004-NS1 PLC, RMAC 2004-NSP2 PLC, RMAC 2004-NS3 PLC, RMAC 2004-NSP4 PLC, RMAC 2005-NS1 PLC, RMAC 2005-NSP2 PLC, RMAC 2005-NS3 PLC and RMAC 2005-NS4 PLC (the "**Legacy RMAC Mortgage Portfolio**"). The beneficial title to the Legacy RMAC Mortgage Portfolio was re-acquired by Paratus on 8 March 2018 and has since been sold, along with assigned beneficial title to certain other Mortgage Loans and their Related Security which were not previously included in the Legacy RMAC Mortgage Portfolio, to a special purpose vehicle Mortar No.3 Limited (the "**Warehouse Borrower**"). The beneficial title to the Mortgage Loans and their Related Security has therefore been held by the Warehouse Borrower from (and including) 12 June 2023 up to the Closing Date.

Paratus and the Warehouse Borrower have entered into a deed of repurchase and reassignment (the "**Deed of Repurchase and Reassignment**") pursuant to which the Warehouse Borrower shall assign, and Paratus shall re-acquire, the beneficial title to all the Mortgage Loans and their Related Security on the Closing Date. As of the Closing Date (and following the repurchase of beneficial title to the Mortgage Loans and their Related Security as described above), the Seller will hold 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 in its capacity as the Legal Title Holder.

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 declaration of trust by the Seller in favour of the Issuer granted on the Closing Date (the "**Scottish Declaration of Trust**"), following the prior release of such Scottish Mortgage Loans and their Related Security from any existing Scottish trust, which releases are given effect under the terms of the Deed of Repurchase and Reassignment.

### The Original Lenders

The Mortgage Loans in the Provisional Mortgage Portfolio were predominantly originated by GMAC-RFC, with a portion being originated by Amber (see "*Characteristics of the Provisional Mortgage Portfolio*", below). The Mortgage Loans originated by Amber were originally acquired by GMAC-RFC in 2005.

Further, prior to 31 October 2004, GMAC-RFC operated a correspondent lending programme. Under the programme, the participating firms (the "**CL Original Lenders**") originated loans in their own name but on terms which mirrored GMAC-RFC's Standard Documentation. The CL Original Lenders were required to apply the

Lending Criteria (as defined in this section entitled "*The Mortgage Portfolio and the Mortgage Loans*"). An underwriter who was employed by GMAC-RFC and located on a CL Original Lender's premises gave the final approval for each Mortgage Loan application. For each Mortgage written under the programme (a "**CL Mortgage Loan**"), GMAC-RFC was required to receive a certificate of title from a firm of solicitors representing both the CL Original Lender and GMAC-RFC confirming the title to the property to be charged and in compliance with GMAC-RFC's guidelines and instructions. GMAC-RFC then funded the Mortgage Loan, and the title deeds were forwarded to it directly from the solicitors involved. Under the terms of mortgage transfer agreements with each CL Original Lender, each CL Mortgage was immediately transferred or assigned to GMAC-RFC (subject to registration or (in Scotland) recording in respect of the legal title only) together with all rights the CL Original Lender had against third parties such as solicitors and valuers in connection with the CL Mortgage and its origination. GMAC-RFC registered the transfer within the priority period afforded by the relevant legislation.

In addition, one mortgage loan in the Provisional Mortgage Portfolio (the "**FM Mortgage Loan**") was originated by Future Mortgages 1 Limited ("**FM**") and purchased by Paratus from FM in 1998. Full legal and beneficial title to the FM Mortgage Loan is vested in Paratus. Due to the very small proportion that the FM Mortgage Loan represents of the Provisional Mortgage Portfolio, the origination procedures and specific characteristics of the FM Mortgage Loan is not described herein.

## **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 relevant Original Lender 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:

- (i) Mortgage Loans where the applicable Mortgage Rate is calculated by reference to the Bank of England Base Rate (the "**Bank of England Base Rate-Linked Mortgage Loans**"); and
- (ii) Mortgage Loans which are subject to the Servicer's prevailing published standard variable rate ("SVR") (the "**SVR Mortgage Loans**").

### ***Right to Buy Mortgage Loans***

The Mortgage Portfolio includes right to buy mortgage loans ("**Right to Buy Mortgage Loans**"), each being a loan entered into by a Borrower as a means to purchase, refinance or improve a residential property from a local authority or certain other landlords under "right to buy" schemes which are subject to the provisions of the Housing Act 1985 (as amended by the Housing Act 2004) (or section 16 of the Housing Act 1996) (in the case of English Mortgages) or (as applicable) the Housing (Northern Ireland) Order 1983 (as amended) or (as applicable) the Housing (Scotland) Act 1987 (as amended by the Housing (Scotland) Act 2001 and the Housing (Scotland) Act 2010) (in the case of Scottish Mortgages).

### ***Loans to first time buyers***

The Mortgage Portfolio includes certain Mortgage Loans which were made to first time buyers (the "**First Time Buyer Mortgage Loans**").

### ***Pre-M Day Mortgage Loans***

The Mortgage Portfolio includes pre-M day loans (the "**Pre-M Day Mortgage Loans**"), each being a loan originated pursuant to offers made to Borrowers by an Original Lender prior to 31 October 2004.

In respect of Pre-M Day Mortgage Loans, the relevant Original Lender and each subsequent holder of title to such Pre-M Day Mortgage Loans was required to carry out certain procedures under the Money Laundering Regulations 1993 (as amended) (including the December 2001 Guidelines as set out by the Joint Money Laundering Steering Group in its guidance notes for the financial sector), in connection with the origination of any such Mortgage Loan.

### ***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 lending criteria (the "**Lending Criteria**") is a summary consolidating each of the lending criteria pursuant to which the Mortgage Loans (other than the Amber Mortgage Loans) were originated. The Amber Mortgage Loans were originated subject to similar lending criteria as the Lending Criteria (see "**Amber Lending Criteria**").

#### **A. General Lending Criteria**

References to Mortgage Loans in this Section to and including the Section headed "*Fraud Prevention*" exclude the Amber Mortgage Loans.

The Lending Criteria considered, among other things, a Borrower's credit history, employment history, status, repayment ability and debt service-to-income ratio, as well as the value of the property to be mortgaged. The Lending Criteria were divided into different categories known as "Prime", "Near Prime" and "Non-Conforming".

#### **"Prime" and "Near Prime" Lending Criteria**

The Lending Criteria categories "Prime" and "Near Prime" contained criteria that, at the time of origination of the relevant Mortgage Loan, were intended to generally be acceptable to residential mortgage lenders lending to borrowers that satisfy the standard requirements of building societies and high street banks.



## 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 (usually at least 30 years longer than the mortgage term) in England or Wales (an "**English Property**"), secured by a first ranking legal mortgage or a first ranking legal charge (usually at least 30 years longer than the mortgage term) (a "**Northern Irish Mortgage**") over a freehold, fee farm grant or long leasehold residential property in Northern Ireland (a "**Northern Irish Property**"), secured by a first ranking standard security (a "**Scottish Mortgage**") over a heritable or long leasehold residential property (usually at least 30 years longer than the mortgage term) located in Scotland (a "**Scottish Property**") (the Scottish Mortgages, the Northern Irish Mortgages and the English Mortgages are collectively defined as the "**Mortgages**" and a Scottish Property, a Northern Irish Property and an English Property are each a "**Property**" and are collectively defined as the "**Properties**").
- (b) Only Property intended for use exclusively or at least primarily as the owner's principal place of residence or let under (i) an assured shorthold tenancy (in relation to an English Mortgage Loan) or (ii) short assured tenancy within the meaning of the Housing (Scotland) Act 1988 (in relation to a Scottish Mortgage Loan), in each case with a term of six or twelve months was acceptable, and, in 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.
- (c) Properties under 10 years old were required to have the benefit of an NHBC (or, if the Property was built after 1 April 2003, a New Home Warranty Certificate), Zurich Municipal or Premier guarantee or an architect's certificate or equivalent guarantee from an acceptable body.
- (d) The following are examples of types of property which were deemed unacceptable as security:
  - (i) freehold flats or freehold maisonettes in England and Wales;
  - (ii) Properties with agricultural restrictions;
  - (iii) Properties not wholly owned by the Borrower, where equity was retained by a builder/developer, housing association or other third party;
  - (iv) Properties of 100 per cent, timber construction;
  - (v) Properties designated as defective under the Housing Defects Act 1984 or the Housing (Northern Ireland) Order 1983 (as amended) or the Housing Act 1985 or the Housing (Scotland) Act 1987;
  - (vi) flats over commercial premises (subject to certain exceptions);
  - (vii) flats in blocks of more than ten floors or, in the case of "Prime" and "Near Prime" categories, seven floors (subject to the valuer's comments on marketability).
- (e) Each Property offered as security was required to have been valued either (i) by a professionally qualified surveyor (ARICS/FRICS qualification) chosen from a panel of valuation firms approved by the lender or (ii) in accordance with a valuation system provided by a third-party entity for the automated valuation of properties securing mortgage loans.
- (f) Each Property was required to have been insured by the Borrower.

## ***Application Form***

In order to obtain a Mortgage Loan, each prospective Borrower was required to have completed an application form which included information with respect to the applicant's income (except in respect of certain Near Prime Mortgage Loans for which the decision to lend was based on an applicant's credit history and on which application form an applicant did not need to state his or her income ("**Star Loans**")), current employment details, bank account information (if applicable), current mortgage information (if applicable) and certain other personal information.

The majority of applications for Mortgage Loans were processed automatically by Assetwise, Paratus' decisioning engine, which would run a credit search, conduct credit-scoring and check the applicant's details against an external fraud detection database as well as lender's own records. Credit-scoring applies statistical analysis to data available from outside sources and customer-provided data to assess the likelihood of an account going into arrears.

### ***Borrowers***

- (a) Borrowers were required to be at least 18 years of age prior to completion of the Mortgage Loan.
- (b) For Mortgage Loans underwritten in accordance with the "Near Prime" Lending Criteria ("**Near Prime Mortgage Loans**") and an Investment Mortgage Loan (as defined below), Borrowers were required to be at least 21 and 25 (or, in some cases, 21) years of age, respectively. Furthermore, the term of Mortgage Loans usually were required to end before the primary applicant reaches his/her 76 years of age (subject to approved exceptions).
- (c) A maximum number of four Borrowers (or, in the case of Investment Mortgage Loans, two) were permitted by the Lending Criteria to be parties to a Mortgage Loan.
- (d) The Lending Criteria in regard to the verification of the details of a Borrower's income distinguished between two different categories of Borrowers, employed and self-employed. The employed Borrower's credit and employment history were assessed with the aid of any or all of the following:
  - (i) a formal reference from the applying Borrower's employer;
  - (ii) a P60 or three-months' supporting payslips; or
  - (iii) self-certification by the Borrower (only for Mortgage Loans up to certain maximum amounts and where the terms of the product allow).

For the purpose of calculating a Borrower's gross income not only was base salary considered but also additional compensation such as a certain percentage of guaranteed overtime, bonuses and commissions, confirmed pension income, regular investment and rental income, employer subsidies and maintenance payments.

- (e) The income of self-employed Borrowers was permitted to be confirmed either by:
  - (i) a signed certificate of income or a minimum of one year's (or where the LTV exceeds 85 per cent, and in the case of Mortgage Loans underwritten in accordance with the "Prime" Lending Criteria (the "**Prime Mortgage Loans**"), two years' accounts in each case prepared and signed by an accountant with acceptable qualifications. In some cases for Mortgage Loans up to £250,000 with an LTV of up to 85 per cent., or for Mortgage Loans underwritten in accordance with the "Non-Conforming" Lending Criteria up to £100,000, preparation and signature by a bookkeeper was sufficient; and
  - (ii) self-certification by the Borrower only if the Borrower had been trading for a minimum of six months prior to making an application (in the case of Non-Conforming Mortgage Loans for 12

months (in the case of Near Prime Mortgage Loans) and for Mortgage Loans up to certain maximum amounts).

- (f) No verification of income was required for the Prime Mortgage Loans where the Borrower achieved a favourable credit score and the LTV and loan size fall below certain thresholds. Self-certification of income was permitted for Borrowers who meet adequate credit-scoring levels based on such factors as size of loan, loan-to-income ratios, credit quality and LTV.
- (g) For Star Loans, where no income was declared, the employer or an accountant of the Borrower was required to be telephoned in every case, for the purpose of confirming the employment (but not the income) of that Borrower.
- (h) Approximately 15.52 per cent. as of the Cut-off Date by aggregate Current Balance of the Mortgage Loans in the Mortgage Portfolio were extended to Borrowers who broadly satisfied the Lending Criteria categories "Prime" and "Near Prime". To satisfy the Lending Criteria categories "Prime" or "Near Prime", a Borrower was required to have had a credit history which was required, in the six years prior to the application for a mortgage loan, not to have included:
  - (i) any bankruptcy order (or, in Scotland, an award of sequestration) ("BO"); or
  - (ii) individual voluntary arrangement ("IVA") (a less formal procedure open to insolvent individuals, even those already subject to bankruptcy proceedings) or, in Scotland, where a Borrower has entered into a trust deed for the benefit of his or her creditors were acceptable under the Lending Criteria,

and which did not include any unsettled county court judgments (or its Scottish or Northern Irish equivalent) ("CCJ") relating to a Borrower. In the case of Prime Mortgage Loans, a Borrower may have had no more than one CCJ or one credit account information sharing ("CAIS ") default (but not both) which was required to have had an aggregate value of less than £300. If the CCJ was satisfied more than 12 months prior to the Borrower's application for a Mortgage Loan or the default was registered over three years prior to the Borrower's application for a Mortgage Loan, this restriction did not apply. The CAIS default may have been unsatisfied at the time of the Borrower's application. In the case of Near Prime Mortgage Loans, a Borrower may have had up to one CCJ or one CAIS default (but not both) which had not been settled in the 12 months prior to the Borrower's application for a Mortgage Loan provided that the CCJ was of less than £300 aggregate value. Where the CCJ or the default had been settled over 12 months before the Borrower's application, the restriction did not apply.

- (i) Some Prime Mortgage Loans and Near Prime Mortgage Loans may have been originated under the previous policies of either:
  - (i) in the last six years prior to the Borrower's application for a Mortgage Loan there was required to have been no more than one settled CCJ of not more than £300 aggregate value; or
  - (ii) in the last six years prior to the borrower's application there was required to have been no more than two CCJs of not more than £500 aggregate value; or
  - (iii) in the three years prior to the borrower's application, there was required to have been no more than one CCJ (settled or unsettled) of more than £300 aggregate value.
- (j) Borrowers who were the subject of a BO were required to provide a certificate of discharge (or its Scottish equivalent) and the applicant was required to have sufficient income to support the loan. Borrowers who were the subject of an IVA were also required to provide a confirmation of satisfactory conduct of the IVA where appropriate.

- (k) For both Prime Mortgage Loans and Near Prime Mortgage Loans, in the six years prior to the application for a Mortgage Loan a Borrower's credit history was required to not have included any repossessions.
- (l) A consumer credit search was required to be made in all cases which may have given details of any CCJs, BOs and IVAs and which may have indicated persons who were listed on the voters' roll as being the residents of the Property.

"**Borrower**" means, in relation to a loan, the individual or individuals specified as such in the relevant Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such loan or any part of it.

***Term***

A loan was required not to have a term of more than 30 years.

***Mortgage Loan Amount***

On or prior to 2005, a Mortgage Loan was required to be at least £25,000 and would not usually exceed £750,000. On or after 2006, a loan was required not to exceed £1,000,000 at any time during the life of the loan.

***Maximum 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 Mortgage Loan as established by the Valuer selected from the approved panel of surveyors (see Section "*Valuation*" below) or, in the case of a Mortgage Loan made for financing the purchase of a Property, the disclosed purchase price (except in exceptional cases, i.e. where the purchase price reflects a discount).
- (b) The maximum LTV of each Mortgage Loan at the date of the advance (the "**Maximum LTV**") was required to be no more than 95 per cent, although a higher LTV may have been permitted in certain circumstances.

***Income and Affordability***

***Income Multiples***

Unless an exception applied:

- (a) A Prime Mortgage Loan was required not to exceed:
  - (i) the income of the primary Borrower multiplied by up to 4.50 and added to the income of any secondary Borrower; or
  - (ii) the Borrower's joint income multiplied by up to 3.75, except in certain cases where LTV was higher than 75% in which case a Prime Mortgage Loan was required not to exceed either: (x) the income of the primary Borrower multiplied by up to 4.00 and added to the income of any secondary Borrower; or (y) the Borrowers' joint income multiplied by up to 3.30.
- (b) A Near Prime Mortgage Loan was required not to exceed:
  - (i) the income of the primary Borrower multiplied by up to 4.50 and added to the income of any secondary Borrower; or

- (ii) the Borrower's joint income multiplied by up to 3.75, except where LTV was higher than 75% in which case a Near Prime Mortgage Loan was required not to exceed either: (x) the income of the primary Borrower multiplied by up to 4.00 and added to the income of any secondary Borrower; or (y) the Borrowers' joint income multiplied by up to 3.30.

#### *Affordability Test*

- (a) For Mortgage Loans originated prior to 10 February 2003, the relevant Original Lender sometimes incorporated into its underwriting procedures an affordability test, which attempted to estimate the ability of a Borrower to make payments under a Mortgage Loan. The affordability test served merely as an underwriting tool and, as such, was a contributing factor in an underwriter's decision of whether to accept or reject an application for a Mortgage Loan.
- (b) After 10 February 2003, the relevant Original Lender was not required to use this test. For high-scoring cases (Borrowers who were assumed to be less likely to go into arrears), Assetwise, an automated decisioning system of the lender, was able to approve applications where the income multiples exceeded the stated levels and which underwriters would have previously only allowed by exception. An affordability test was required to be applied to Mortgage Loans originated after 15 January 2005.

#### *Changes to Lending Criteria*

The relevant Original Lender may have varied the Lending Criteria from time to time. Such revisions may have included extending Mortgage Loans to Borrowers who were recently self-employed, independent contractors and temporary employees.

#### *Credit History*

In addition to employer references and valuation reports, the relevant Original Lender may have, depending upon the particular circumstances (especially in relation to non-conforming borrowers), required Borrowers to furnish other references, e.g. from previous lenders and landlords. The relevant Original Lender may also have reviewed a Borrower's bank or building society statements but only did so in limited circumstances. In addition, the Lending Criteria required that an approved credit search covering the preceding six years was undertaken for all "Prime" and "Near Prime" Borrowers.

Where a CCJ relating to a Borrower had been revealed by the credit reference search or instalment arrears have been revealed by lenders' or landlords' references or a Borrower had been subject to a BO or its Scottish or Northern Irish equivalent or an IVA, explanations were generally obtained.

The Lending Criteria generally required consideration of the accumulated aggregate value of the CCJs lodged against a Borrower in the preceding six-year period in the case of conforming Borrowers (or three-year period in the case of all Borrowers in respect of loans originated after 1 June 2004), in the consideration of that Borrower's Mortgage Loan application and/or in setting of the rate to be charged on the Mortgage Loan. Where satisfaction of a CCJ was a requirement of the Mortgage Loan, a certificate of satisfaction was required to have been provided or entry on the Experian search bearing the word "satisfied" against it obtained.

Repossessions in the preceding three years of previously mortgaged property were also to be considered as relevant to a Borrower's application for a Mortgage Loan.

#### *Valuation*

For all Mortgage Loans, Properties were required to be valued on-site by a qualified surveyor chosen from a panel of lender's approved valuation firms. Valuations were required to have been completed before an offer was made. The qualified surveyor was required to have been instructed by the lender.

For Further Advances where the latest valuation on file was less than three years old and the value of debt was within certain parameters, GMAC-RFC would use an index value rather than performing a valuation.

Following completion of the on-site valuation, a number of valuations were required to be selected for audit. GMAC-RFC used an Auto Valuation Mode ("**AVM**") as the initial check within the valuation audit process.

Drive-by valuations were required for those cases where the variation between the valuation done by the surveyor and the valuation produced by the AVM differed by more than 10 per cent. If the drive-by valuation resulted in a variation of more than 10 per cent, from the AVM, a second on-site valuation was required to be instructed using a different valuation company. If a variation of more than 10 per cent, still existed, the case was required to be referred to lender's surveyor, who would determine the final valuation figure to be used.

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 an individual valuer who is an employee or a contractor of a valuer firm engaged by the relevant Original Lender and accredited to relevant Original Lender's valuers panel, 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. Each Valuation Report includes three comparable properties providing evidence for the valuation of each Property.

The valuers panel was maintained (including the appointment of valuer firms to the panel) by the credit risk area of the relevant Original Lender 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 valuers panel engaged to carry out the valuation of the Properties in connection with each Mortgage Loan.

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 Legal Title Holder, the Issuer or the Servicer (as the case may be), the Security Trustee, the Arrangers, the Joint Lead Managers 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.

### ***Borrower Maintenance Covenants***

In relation to each of the Mortgage Loans in the Mortgage Portfolio, the relevant Borrower was required to covenant to keep the Property in good repair and condition, to comply with all covenants and statutory requirements in respect of the Property and to pay in a timely fashion all taxes and other amounts required to be paid in connection with the Property. Each of the Borrowers were also required to agree to allow the lender to carry out an inspection of the condition of the relevant Property at any reasonable time.

### ***Buildings Insurance***

The Lending Criteria required for each Mortgage Loan that each Property be insured for its full re- instatement value as stated in the valuation report with an acceptable insurance company and at the Borrower's cost (subject to certain exceptions in the case of leasehold properties). The Lending Criteria required that the firm of solicitors or licensed conveyancers acting on behalf of the Borrower or in certain circumstances on behalf of Paratus confirmed prior to completion that the insurance policy complied with the Council of Mortgage Lenders Handbook, or, for some of the Mortgage Loans, for each Borrower to have produced evidence of current buildings insurance prior to the completion of each Mortgage Loan.

The alternatives available to Borrowers were:

- (a) the Property may be insured under a block buildings policy, which was with Legal and General Insurance Limited;

- (b) the Borrower may take out a separate insurance policy subject to the approval of the relevant Original Lender;
- (c) with respect to leasehold properties, the Property may be insured by the relevant landlord with the approval of the relevant Original Lender; or
- (d) the Property may be insured under the block building policy of the relevant Original Lender.

In all of these cases, the Lending Criteria required the interest of the relevant Original Lender to be noted on the relevant policy from the date of completion of the Mortgage Loan.

Under the Lending Criteria, the relevant Original Lender was required to have the option to use any monies received under any insurance policy affecting the property to make good the loss or damage in respect of which the monies were received or to use them to reduce or repay the relevant Mortgage Loan. However, in certain cases if the Property was insured other than under a block buildings policy, the relevant Original Lender would only receive notice of the loss or damage to the Property and would not have the ability to direct how any money received under the claim is spent.

### ***Solicitors***

The Lending Criteria required the Borrower to instruct a firm of solicitors or lender's approved licensed conveyancers to act on its behalf as well as on behalf of the relevant Original Lender on the origination of the Mortgage Loan.

The nominated firm was required to have met certain minimum requirements. For instance, the solicitors firm acting on behalf of the relevant Original Lender was required to have had a minimum of two registered partners and for some Mortgage Loans the licensed conveyancers were required to have been one of a limited number of approved firms. If the nominated firm of solicitors or licensed conveyancers did not meet the minimum requirements, the Lending Criteria permitted the relevant Original Lender to reserve the right to instruct other solicitors or licensed conveyancers to act on its behalf at the expense of the Borrower.

### ***Other Title Insurance***

Occasionally, no local search was carried out by the solicitors involved in the mortgaging of a Property. Where a local search was not concluded, the Lending Criteria required Paratus (jointly with the relevant Original Lender) to enter into a local search indemnity insurance policy with Legal & Insurance Services Limited. The benefit of the policy will be assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement.

The Lending Criteria generally required Paratus' solicitors to obtain a title insurance policy for a particular Property if a title issue had been identified in relation to that Property. For example, a Property may only have good leasehold title or may have been subject to a suspected transfer at an undervalue in the past. The Lending Criteria required the solicitors to check each policy to ensure that the limit on cover was at least 100 per cent. of the valuation of the Property and that all policies were assignable. Paratus has obtained insurance cover ("**Right to Buy Insurance**") from London & European (as defined below).

In July 2003 Paratus began obtaining stand-alone right to buy insurance. This was a policy (also offered through London & European) which removed the need to obtain a deed of postponement and was not a full title insurance policy. The Mortgage Sale Agreement will contain a general assignment of any other title policy linked to an individual Property.

### ***Express Completion Service***

In January 1999, Paratus began offering its Express Completion Service, which enabled a Borrower to remortgage a Property under an expedited procedure that generally allowed completion within 5-10 days from the offer by

Paratus to extend the remortgage loan. The process differed from traditional conveyancing practice in that there is no in-depth investigation of title. Instead, the Lending Criteria required First Title Insurance plc ("**First Title**"), or for Mortgage Loans originated after 31 January 2005 London & European Title Insurance Services Limited ("**London & European**") to provide a home loan protection policy on a Property for the sole benefit of Paratus.

Among other things, this policy was required to provide protection:

- (a) that there is good and marketable title to the Property;
- (b) that the Property was built, and (if relevant) modified or extended since, in compliance with all necessary planning and building regulation approvals;
- (c) against adverse information which would be discovered from Local Authority Searches to the detriment of the owner of the Property; and
- (d) against costs or legal expenses necessary to defend the title.

The Express Completion Service may have also been conducted by the relevant Original Lender.

### ***Fraud Prevention***

Under the Lending Criteria the relevant Original Lender was required to have a risk management team whose primary focus is on preventing fraud and maintaining the quality of the loan book, and whose objectives also include controlling and managing lending policy and criteria and protecting, controlling and reducing risk.

Fraud prevention measures required to be used by the team included:

- (a) the use of automated credit and fraud alert systems, including CIFAS, Hunter and, until February 2005, DETECT;
- (b) the use of qualified surveyors to audit property valuations;
- (c) investigation of fraud referrals from the new business area;
- (d) the use of a three month nil payment report, items on which investigated and the information fed back into the lending policy; and
- (e) a 100 per cent. audit of all mortgages above £500,000 prior to completion which in relation to Mortgage Loans originated after 22 August 2005 include a land registry search.

The Lending Criteria also required the relevant Original Lender to manage its lending policy and that of its intermediary firms through:

- (a) an annual audit programme;
- (b) a process to evaluate the suitability of potential packagers;
- (c) an exceptions reporting policy; and
- (d) a business continuity plan.

### ***Discretion to Lend Outside Lending Criteria***

Subject to approval in accordance with internal procedures, the relevant Original Lender may have determined on a loan-by-loan basis that, based upon compensating factors, a prospective Borrower who did not strictly qualify



under its Lending Criteria warranted an underwriting exception. Compensating factors may have included, but were not limited to, a low LTV, stable employment and time in residence at the applicant's current residence.

### ***Buy-to-Let Mortgage Loans***

As of December 1998, Paratus offered a type of mortgage loan exclusively for investment properties (the "**Investment Mortgage Loans**"). Under an Investment Mortgage Loan, a Borrower could include a single or a number of different Properties held for the purposes of investment (each an "**Investment Property**"). Under the Lending Criteria, as the Borrower was required to not occupy the Investment Property itself, they were required to have let that Property within three months of completion on a six or 12 month shorthold tenancy, or on a short-term basis to tenants not exceeding 36 months if the tenant had demonstrated themselves to be of acceptable character and able to meet their obligations to pay rent. No sub-letting by the tenants was permitted.

Investment Mortgage Loans were required to be extended only with the Investment Properties as collateral. The Lending Criteria did not require to take additional security for the purposes of the Investment Mortgage Loans.

The Lending Criteria for Investment Mortgage Loans also differed from the criteria applied to other Mortgage Loans in certain respects, including the following:

- (a) As Investment Mortgage Loans were seen as self-financing, there was no requirement for the Borrower to achieve certain income multiples. However, the gross monthly rental income was required to have been at least 100 per cent. (or, before 12 May 2005, 125-130 per cent.), of the monthly mortgage interest payment depending on the product, or in the case of some of the loans, there was a minimum employment period of three months or six-months' self-employment. From 26 March 2007, the requirement for the gross monthly rental income to achieve a certain percentage of the mortgage interest payment was not required up to a maximum of 70 per cent. LTV with a maximum loan restriction of £250,000.
- (b) For similar reasons, the relevant Original Lender may sometimes have extended an Investment Mortgage Loan to a Borrower for a term that would last up to that particular Borrower's 76 birthday (see Section "*Borrowers*" above). A Borrower was required to be 25 for this product.
- (c) The maximum LTV for an Investment Mortgage Loan was required to be 80-89 per cent., (in the case of "Prime" and "Near Prime" categories) and 80-85 per cent (in the case of "Non-Conforming" category).
- (d) As the primary assessment on the Borrower's ability to pay was based on expected rental income, this was required to be assessed as part of the valuation (see Section "*Valuation*" above).
- (e) Up to four Borrowers were permitted to have been party to an Investment Mortgage Loan.

The general policy under the Lending Criteria was to restrict the ability of the Borrower to let the relevant Property. However, in addition to the Investment Mortgage Loans, exceptions may have been granted in relation to certain of the other Mortgage Loans in the Mortgage Portfolio to allow the Borrowers to let their Properties. In such circumstances, the Lending Criteria required to increase the Mortgage Rate on such Mortgage Loans.

### **Non-Conforming Mortgage Loans**

Lending Criteria category "Non-Conforming" contained criteria that were intended, at the time of origination of the relevant Non-Conforming Mortgage Loan, to generally be acceptable to residential mortgage lenders lending to borrowers who had an impaired credit history or may not have satisfied the standard requirements of building societies or high street banks.

### ***Income and Affordability***

#### *Income Multiples*

A Non-Conforming Mortgage Loan was required not to exceed:

- (a) the income of the primary Borrower multiplied by 4.25 and added to the income of any secondary Borrower; or
- (b) the Borrower's joint income multiplied by 3.50, except where LTV was higher than 85%, in which case a Non-Conforming Mortgage Loan was required not to exceed either: (x) the income of the primary Borrower multiplied by 3.00 and added to the income of any secondary Borrower or (y) the Borrowers' joint income multiplied by 2.75.

### **Credit History**

In addition, the Lending Criteria required that an approved credit search covering the preceding three years was undertaken for all Non-Conforming Borrowers.

The Lending Criteria generally required consideration of the accumulated aggregate value of the CCJs lodged against a Borrower in the preceding three-year period in the case of Non-Conforming Borrowers.

Non-Conforming Borrowers who were extended a Mortgage Loan despite being previously subject to a BO were generally required to provide a certificate of discharge.

Non-Conforming Borrowers who were subject to an IVA were generally required to provide a confirmation of satisfactory conduct of the IVA where appropriate. Where satisfaction of an IVA was a requirement of the Mortgage Loan, a certificate of satisfaction was required to have been provided or entry on the Experian search bearing the word "satisfied" against it obtained.

The Non-Conforming Borrower was generally required to submit information relating to any outstanding debt and/or ongoing debt recovery in relation to the repossession for the review of the relevant Original Lender. Non-Conforming Borrowers who had been subject to such repossessions would generally have an additional percentage margin attached to the applicable Mortgage Rate.

### **C. Amber Lending Criteria**

The Amber Lending Criteria were similar to the Lending Criteria. In some instances, the Amber Lending Criteria were more restrictive than the Lending Criteria. However there are a number of examples where the Amber Lending Criteria were less restrictive, in particular:

- (a) the Amber Lending Criteria permitted Amber, in certain circumstances, to accept a flying freehold as security, whereas GMAC-RFC usually would not; and
- (b) the terms and conditions of Amber Mortgage Loans allowed Borrowers to take payment holidays of up to three consecutive months where the Borrower had made overpayments.

## 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 and is described further in the section entitled "*The Mortgage Portfolio and the Mortgage Loans*". 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 Mortgage Portfolio as at the Cut-Off Date. The Mortgage Portfolio was selected as at the Cut-Off Date and comprised 4,607 Mortgage Loans with an aggregate Current Balance of £344,698,587.

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 Mortgage Loans which redeem prior to the Closing Date (in accordance with their terms).

Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Cut-Off Date. Columns may not add up to the total due to rounding.

A representative sample of 466 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

#### Pool

Cut-Off Date:.....	31/05/2023
Total Current Balance (£):.....	344,698,587
Total Original Balance (£):.....	456,113,628
No. of Loans:.....	4,607
Average Current Balance per Loan (£):.....	74,821
Maximum Loan Balance (£):.....	538,082
Buy-to-Let: .....	10.33%
Owner Occupied:.....	89.67%
WA Coupon:.....	6.77%
WA Seasoning (years):.....	18.48
WA Remaining Term (years): .....	5.57
WA OLTV:.....	76.47%
WA CLTV:.....	70.40%
WA CLTiV:.....	39.41%
WA ICR (BTL Only):.....	311.05%
London & South East Concentration:.....	35.64%
All CCJs %: .....	18.90%
Performing loans*: .....	79.33%

*\*Mortgage loans less than one month in arrears*

<b>Original Lender</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
GMAC-RFC*	343,394,214	99.62	4592	99.67
Amber	1,265,904	0.37	14	0.30
FM	38,470	0.01	1	0.02
<b>Total</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

\* This includes the CL Mortgage Loans originated by the CL Original Lenders as per the origination process described in the section entitled "The Mortgage Portfolio and the Mortgage Loans"

<b>Occupancy Type</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Buy-to-let	35,612,243	10.33	418	9.07
Owner-occupied	309,086,344	89.67	4,189	90.93
<b>Total</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Current Balance</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0 <=x< 50,000	48,985,301	14.21	2,205	47.86
50,000 <=x< 75,000	35,163,028	10.20	563	12.22
75,000 <=x< 100,000	42,934,681	12.46	492	10.68
100,000 <=x< 125,000	46,745,032	13.56	418	9.07
125,000 <=x< 150,000	41,594,384	12.07	304	6.60
150,000 <=x< 200,000	60,743,331	17.62	355	7.71
200,000 <=x< 250,000	34,998,791	10.15	158	3.43
250,000 <=x< 300,000	20,003,978	5.80	74	1.61
300,000 <=x< 350,000	6,683,359	1.94	21	0.46
350,000 <=x< 400,000	4,470,371	1.30	12	0.26
400,000 <=x< 450,000	0	0.00	0	0.00
450,000 <=x< 500,000	1,838,251	0.53	4	0.09
500,000 <=x< 750,000	538,082	0.16	1	0.02
750,000 <=x< 1,000,000	0	0.00	0	0.00
>= 1,000,000	0	0.00	0	0.00
<b>Total</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>	5.83			
<b>Max</b>	538,082			
<b>Average</b>	74,821			

<b>Original Balance</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0 <=x< 50,000 .....	14,877,380	4.32	810	17.58
50,000 <=x< 75,000 .....	41,572,143	12.06	1,144	24.83
75,000 <=x< 100,000 .....	49,534,688	14.37	834	18.10
100,000 <=x< 125,000 .....	57,977,396	16.82	671	14.56
125,000 <=x< 150,000 .....	44,796,309	13.00	392	8.51
150,000 <=x< 200,000 .....	65,195,021	18.91	445	9.66
200,000 <=x< 250,000 .....	37,372,516	10.84	188	4.08
250,000 <=x< 300,000 .....	19,103,761	5.54	77	1.67
300,000 <=x< 350,000 .....	8,311,322	2.41	29	0.63
350,000 <=x< 400,000 .....	2,522,969	0.73	8	0.17
400,000 <=x< 450,000 .....	1,511,416	0.44	5	0.11
450,000 <=x< 500,000 .....	1,923,667	0.56	4	0.09
500,000 <=x< 750,000 .....	0	0.00	0	0.00
750,000 <=x< 1,000,000 .....	0	0.00	0	0.00
>= 1,000,000 .....	0	0.00	0	0.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>	25,001			
<b>Max</b>	478,815			
<b>Average</b>	99,004			

\*The following table shows the range of current indexed loan-to-value ratios, or LTV ratios, which express the Current Outstanding Balance of a mortgage loan, as of the Cut-Off Date, divided by the indexed value of the mortgaged property securing that mortgage loan, as of the same date (calculated using the Nationwide Regional Quarterly Indices (Post '73) as available at [www.nationwide.co.uk/about/house-price-index](http://www.nationwide.co.uk/about/house-price-index)).

<b>Current Loan to Indexed Value*</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0% <=x< 30%.....	84,413,953	24.49	2,476	53.74
30% <=x< 40%.....	83,788,560	24.31	715	15.52
40% <=x< 50%.....	91,922,355	26.67	732	15.89
50% <=x< 60%.....	60,730,480	17.62	503	10.92
60% <=x< 70%.....	19,195,530	5.57	144	3.13
70% <=x< 80%.....	3,980,663	1.15	31	0.67
80% <=x< 90%.....	456,797	0.13	5	0.11
90% <=x< 100%.....	210,250	0.06	1	0.02
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		0.01		
<b>Max</b>		99.22		
<b>WA</b>		39.41		

\*Indexed valuation of properties calculated using the Nationwide Regional Quarterly Indices (Post '73)<sup>2</sup>

<sup>2</sup> All information contained in this Analysis in respect of the Nationwide Regional Quarterly Indices (Post '73) has been reproduced from information published by Nationwide Building Society. Paratus confirms that all information in this analysis in respect of the Nationwide Regional Quarterly Indices (Post '73) has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society, no facts have been omitted which would render the reproduced information inaccurate or misleading. Note, however, that Paratus has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither Paratus nor Nationwide Building Society makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

<b>Current Loan to Value</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0% <=x< 50%.....	66,926,246	19.42	2,350	51.01
50% <=x< 60%.....	20,566,020	5.97	233	5.06
60% <=x< 70%.....	36,449,263	10.57	358	7.77
70% <=x< 75%.....	34,142,763	9.91	284	6.16
75% <=x< 80%.....	35,550,773	10.31	313	6.79
80% <=x< 85%.....	42,046,186	12.20	325	7.05
85% <=x< 90%.....	55,153,345	16.00	393	8.53
90% <=x< 95%.....	31,145,476	9.04	198	4.30
95% <=x< 100%.....	11,573,896	3.36	74	1.61
>= 100%.....	11,144,621	3.23	79	1.71
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		0.01		
<b>Max</b>		150.30		
<b>WA</b>		70.40		

<b>Original Loan to Value</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0% <=x< 50%.....	11,679,231	3.39	345	7.49
50% <=x< 60%.....	25,089,251	7.28	547	11.87
60% <=x< 70%.....	44,983,498	13.05	822	17.84
70% <=x< 75%.....	40,536,232	11.76	544	11.81
75% <=x< 80%.....	51,126,382	14.83	679	14.74
80% <=x< 85%.....	52,506,659	15.23	557	12.09
85% <=x< 90%.....	82,026,383	23.80	800	17.36
90% <=x< 95%.....	29,931,452	8.68	256	5.56
95% <=x< 100%.....	6,819,499	1.98	57	1.24
>= 100%.....	0	0.00	0	0.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		12.00		
<b>Max</b>		95.00		
<b>WA</b>		76.47		

<b>Seasoning (years)</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
5 <=x< 10.....	0	0.00	0	0.00
10 <=x< 12.....	0	0.00	0	0.00
12 <=x< 14.....	56,142	0.02	1	0.02
14 <=x< 16.....	10,070,831	2.92	75	1.63
16 <=x< 18.....	93,725,822	27.19	1,123	24.38
18 <=x< 20.....	221,258,007	64.19	3,061	66.44
>= 20.....	19,587,786	5.68	347	7.53
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		12.80		
<b>Max</b>		24.90		
<b>WA</b>		18.50		

<u>Remaining Time to Maturity (years)</u>	<u>Current Balance (£)</u>	<u>Current Balance (%)</u>	<u>Number of Loans</u>	<u>Number of Loans (%)</u>
0 <=x< 1 .....	23,881,608	6.93	338	7.34
1 <=x< 2 .....	24,687,596	7.16	374	8.12
2 <=x< 5 .....	56,571,438	16.41	855	18.56
5 <=x< 10 .....	221,008,950	64.12	2,781	60.36
10 <=x< 15 .....	18,485,173	5.36	258	5.60
15 <=x< 20 .....	63,822	0.02	1	0.02
>= 20 .....	0	0.00	0	0.00
<b>Total</b> .....	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		0.10		
<b>Max</b>		15.4		
<b>WA</b>		5.60		

<u>Mortgage Term (months)</u>	<u>Current Balance (£)</u>	<u>Current Balance (%)</u>	<u>Number of Loans</u>	<u>Number of Loans (%)</u>
60 <=x< 120 .....	340,576	0.10	6	0.13
120 <=x< 180 .....	3,093,992	0.90	46	1.00
180 <=x< 240 .....	15,709,585	4.56	218	4.73
240 <=x< 300 .....	94,322,246	27.36	1,339	29.06
300 <=x< 360 .....	217,567,758	63.12	2,806	60.91
360 <=x< 420 .....	13,664,430	3.96	192	4.17
>= 420 .....	0	0.00	0	0.00
<b>Total</b> .....	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		72.00		
<b>Max</b>		360.00		
<b>WA</b>		284.50		

<u>Origination Vintage</u>	<u>Current Balance (£)</u>	<u>Current Balance (%)</u>	<u>Number of Loans</u>	<u>Number of Loans (%)</u>
1998.....	176,666	0.05	4	0.09
1999.....	687,404	0.20	28	0.61
2000.....	650,407	0.19	11	0.24
2001.....	277,113	0.08	3	0.07
2002.....	9,460,321	2.74	154	3.34
2003.....	34,076,964	9.89	593	12.87
2004.....	126,787,734	36.78	1,695	36.79
2005.....	151,292,383	43.89	1,924	41.76
2006.....	7,504,071	2.18	87	1.89
2007.....	13,315,907	3.86	101	2.19
2008.....	413,475	0.12	6	0.13
2009.....	0	0.00	0	0.00
2010.....	56,142	0.02	1	0.02
<b>Total</b> .....	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Legal Maturity</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
2023 <=x< 2025 .....	36,780,034	10.67	547	11.87
2025 <=x< 2030 .....	186,515,602	54.11	2,595	56.33
2030 <=x< 2035 .....	111,176,536	32.25	1,331	28.89
2035 <=x< 2040 .....	10,226,416	2.97	134	2.91
>= 2040 .....	0	0.00	0	0.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>	2023			
<b>Max</b>	2038			
<b>WA</b>	2028			

<b>Current Interest Rate</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0% <=x< 4.5%.....	0	0.00	0	0.00
4.5% <=x< 5%.....	2,282,088	0.66	25	0.54
5% <=x< 5.5%.....	9,997,794	2.90	103	2.24
5.5% <=x< 6%.....	29,904,096	8.68	352	7.64
6% <=x< 6.5%.....	122,680,120	35.59	1,611	34.97
6.5% <=x< 7%.....	72,016,833	20.89	1,018	22.10
7% <=x< 7.5%.....	45,277,754	13.14	736	15.98
7.5% <=x< 8%.....	19,023,669	5.52	276	5.99
8% <=x< 8.5%.....	12,715,242	3.69	172	3.73
8.5% <=x< 9%.....	28,119,125	8.16	282	6.12
9% <=x< 9.5%.....	1,935,245	0.56	22	0.48
9.5% <=x< 10%.....	574,775	0.17	7	0.15
10% <=x< 10.5%.....	171,848	0.05	3	0.07
10.5% <=x< 11%.....	0	0.00	0	0.00
>= 11%.....	0	0.00	0	0.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>
<b>Min</b>		4.75		
<b>Max</b>		10.45		
<b>WA</b>		6.77		



<b>Interest Rate Type</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Fixed.....	0	0.00	0	0.00
Floating.....	344,698,587	100.00	4,607	100.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>IR Index</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
BBR.....	320,946,712	93.11	4,383	95.14
SVR.....	23,751,875	6.89	224	4.86
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Interest Coverage Ratio (BTL Only)</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Owner-occupied .....	309,086,344	89.67	4,189	90.93
0 <=x< 1 .....	61,967	0.02	3	0.07
1 <=x< 2 .....	10,065,223	2.92	141	3.06
2 <=x< 2.5 .....	5,364,527	1.56	67	1.45
2.5 <=x< 3 .....	2,761,859	0.80	32	0.69
3 <=x< 3.5 .....	3,711,163	1.08	37	0.80
3.5 <=x< 4 .....	4,045,882	1.17	36	0.78
4 <=x< 5 .....	5,663,207	1.64	54	1.17
5 <=x< 6 .....	2,440,695	0.71	25	0.54
>= 6 .....	1,497,721	0.43	23	0.50
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Purpose</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Purchase .....	149,988,687	43.51	2,024	43.93
Re-mortgage.....	194,709,900	56.49	2,583	56.07
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Repayment Method</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Interest Only.....	283,386,341	82.21	2,377	51.60
Repayment.....	54,560,732	15.83	2,138	46.41
Part & Part.....	6,751,515	1.96	92	2.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Property Type</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Flat / Apartment.....	47,646,409	13.82	498	10.81
House (detached or semi-detached).....	165,391,976	47.98	2,027	44.00
Terraced House.....	121,787,749	35.33	1,989	43.17
Bungalow .....	9,872,453	2.86	93	2.02
Other.....	0	0.00	0	0.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Valuation Type</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Full Valuation.....	340,127,473	98.67	4,570	99.20
Automated Valuation Model.....	4,091,531	1.19	25	0.54
Indexed.....	479,583	0.14	12	0.26
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Borrower Employment Status</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Employed.....	201,680,290	58.51	3088	67.03
Self-employed.....	141,844,611	41.15	1488	32.30
Retired.....	298,457	0.09	8	0.17
No employment, borrower is legal entity.....	24,111	0.01	4	0.09
Other.....	851,119	0.25	19	0.41
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4607</b>	<b>100.00</b>

<b>Income Verification</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
Verified.....	67,247,384	19.51	1,125	24.42
Self-certified (w. affordability confirmation)...	0	0.00	0	0.00
Non-verified.....	56,712,417	16.45	706	15.32
Self-certified (w. no checks).....	220,738,787	64.04	2,776	60.26
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>First-Time Buyer</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
No.....	299,738,250	86.96	3,736	81.09
Yes.....	44,960,337	13.04	871	18.91
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Right to Buy</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
No.....	314,133,427	91.13	3,753	81.46
Yes.....	30,565,160	8.87	854	18.54
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Geographic Distribution</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
London .....	79,925,896	23.19	608	13.20
North West .....	44,651,102	12.95	725	15.74
South East.....	42,934,226	12.46	419	9.09
East of England .....	36,837,479	10.69	365	7.92
East Midlands .....	19,527,466	5.67	341	7.40
West Midlands.....	35,561,871	10.32	609	13.22
Yorkshire and the Humber .....	20,256,782	5.88	421	9.14
South West .....	22,344,151	6.48	269	5.84
Wales.....	20,110,726	5.83	366	7.94
Scotland.....	11,365,613	3.30	221	4.80
North East.....	10,771,340	3.12	254	5.51
Northern Ireland .....	411,933	0.12	9	0.20
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

*\*as per the Office for National Statistics (ONS) regional mapping*

<b>Number Months in Arrears</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0 <=x< 1 .....	273,449,717	79.33	3,917	85.02
1 <=x< 2 .....	15,808,101	4.59	161	3.49
2 <=x< 3 .....	14,221,731	4.13	146	3.17
3 <=x< 6 .....	22,781,808	6.61	225	4.88
>= 6 .....	18,437,230	5.35	158	3.43
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Number of CCJs (or equivalent) – Satisfied</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0.....	343,666,033	99.70	4,598	99.80
1-3.....	1,032,554	0.30	9	0.20
>3.....	0	0.00	0	0.00
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Number of CCJs (or equivalent) - Unsatisfied</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
0.....	280,320,732	81.32	3,685	79.99
1-3.....	60,496,617	17.55	875	18.99
>3.....	3,881,238	1.13	47	1.02
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

<b>Bankruptcy / Individual Voluntary Arrangement</b>	<b>Current Balance (£)</b>	<b>Current Balance (%)</b>	<b>Number of Loans</b>	<b>Number of Loans (%)</b>
No.....	319,930,576	92.81	4,368	94.81
Yes.....	24,768,012	7.19	239	5.19
<b>Total.....</b>	<b>344,698,587</b>	<b>100.00</b>	<b>4,607</b>	<b>100.00</b>

## 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 Mortar No.3 Limited ("**Warehouse Issuer**") under asset backed origination warehouse transaction, and will be acquired by the Seller on or before the Closing Date by entering into a repurchase agreement with the Warehouse Issuer. The Seller is the legal title holder in respect of all the Mortgage Loans in the Mortgage Portfolio.

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 the 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 the 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 (including where the Seller has determined that it shall accept a request from a Borrower for, or the Servicer or the Seller has determined that it will issue an offer of, a Further Advance, Port or Product Switch in respect of the related Mortgage Loan);

- (d) an undertaking by the Seller that it will not accept a request from a Borrower for, or issue an offer of, a Further Advance, a Port or a Product Switch prior to the repurchase of a Mortgage Loan by the Seller; and
- (e) 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, or in the case of the Northern Irish Mortgage Loans comprised in the Mortgage Portfolio the Seller will contract to sell and assign to the Issuer as beneficial owner, the Mortgage Loans and Related Security.

In respect of Mortgage Loans which have the benefit of a first ranking legal mortgage over a freehold or long leasehold residential property located in England and Wales ("**English Mortgage Loans**") and Mortgage Loans which have the benefit of a first ranking legal mortgage over a freehold or long leasehold residential property located in Northern Ireland ("**Northern Irish Mortgage Loans**"), the assignment will be an assignment which takes effect in equity only.

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 declarations 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 £344,695,000.00, and the issue and delivery of the 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: (i) Revenue Receipts in respect of the Mortgage Loans received from (and including) the Closing Date to (and including) 30 September 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 Current Balance of the Mortgage Loans as at the close of business on the Cut-Off Date and the Current 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 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 and the Legal Title Holder 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*".

The following are certain of the Mortgage Loan Warranties (or extracts or summaries of certain warranties) given by Paratus in relation to the Mortgage Loans and the Related Security assigned by it to the Issuer under the Mortgage Sale Agreement on the Closing Date:

#### **1. Mortgage Loans**

- (a) As at the Cut-Off Date, in relation to each Mortgage Loan, the information in relation to the Mortgage Portfolio provided in the Data Tape delivered pursuant to the terms of the Mortgage Sale Agreement is true, accurate and complete in all material respects.
- (b) Other than in relation to the FM Mortgage Loan, prior to making a Mortgage Loan steps were taken to verify that the requirements of the relevant Lending Criteria were met in all cases, subject only to exceptions made on a case-by-case basis as would have been acceptable to a Prudent Mortgage Lender.
- (c) Interest on each Mortgage Loan has been charged in accordance with the provisions of the Mortgage Loan and its Related Security and (if applicable) the relevant Mortgage Conditions (save in cases where payment concessions or arrangements to pay have been negotiated with the Borrower in the ordinary course of servicing the Mortgage Loan).
- (d) The amount of each Mortgage Loan has been fully advanced to the Borrower and the Mortgage Conditions contain no obligation on the part of the Legal Title Holder to make any Further Advance, Product Switch or Port or to permit the Borrower to redraw any amounts previously overpaid.
- (e) Other than in relation to the FM Mortgage Loan, the Lending Criteria, at the time each Mortgage Loan was originated, were materially consistent with the criteria that would have been used at the relevant time of origination by a Prudent Mortgage Lender.
- (f) No Mortgage Loan has a final maturity beyond the date falling three years prior to the Final Maturity Date.
- (g) 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.
- (h) The Mortgage Loans (i) constitute financial assets for purposes of UK generally accepted accounting practice and (ii) are not shares.
- (i) No Mortgage Loan is subject to a guarantee.

- (j) In relation to the GMAC-RFC Mortgage Loans, since the date of its origination (except where remediated, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected) each Mortgage Loan has been administered in all material respects to the standard of a Prudent Mortgage Lender.
- (k) Other than in relation to the GMAC-RFC Mortgage Loans (except where remediated, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected) each Mortgage Loan, for so long as Paratus has been acting as administrator or servicer for the Mortgage Loans, has been administered or serviced in all material respects to the standard of a Prudent Mortgage Lender.
- (l) No lien or right of set-off or counterclaim has been created or arisen between the Borrower and Paratus which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Mortgage Loan.
- (m) Paratus has not varied the conditions of any Mortgage Loan save for where Paratus has acted as a Prudent Mortgage Lender or in the ordinary course of business or as required pursuant to any Requirement of Law, Regulatory Direction or relevant regulatory guidance.
- (n) In respect of each Mortgage Loan originated by Paratus, such Mortgage Loan was originated by Paratus in its normal course of business acting as a Prudent Mortgage Lender.

## **2. Mortgage**

As at the Closing Date, and subject to any statutory charges arising in respect of Right to Buy Mortgage Loans, each Mortgage Loan is secured by way of a first ranking legal mortgage or charge in England, Wales and Northern Ireland (or, if in Scotland, first ranking standard security) except in cases of Northern Irish Mortgages Loans where Borrowers have failed to make payments to the Land & Property Services of the Department of Finance and Personnel (the "LPS"), and the LPS have sought a charging order and charge that ranks in priority to the Paratus' charge for amounts due to them (plus costs). Paratus has not consented to any disposition, charge or security to be registered with the same or higher ranking priority as Paratus. Each Mortgage Loan relating to a Property in respect of which a second or subsequent mortgage or second or subsequent standard security subsists has priority for the full amount of the relevant Mortgage Loan and all related costs, charges, fees and expenses relating thereto.

## **3. Properties**

- (a) Each Property is a residential property situated in England, Wales, Northern Ireland or Scotland.
- (b) Each Property constitutes a separate dwelling unit and is freehold (or where the Property is located in Scotland, heritable), leasehold or commonhold and, if leasehold, the relevant leasehold interest has an unexpired term of not less than 30 years after the maturity of the relevant Mortgage Loan.
- (c) In relation to any leasehold Property in relation to a Mortgage Loan, in any case where the Servicer has received written notice from the relevant landlord that it is or may be taking steps to forfeit or (in respect of leasehold property in Scotland) irritate the lease of that Property, the Servicer has taken such steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and Mortgage Loan.
- (d) In relation to Buy-To-Let Mortgage Loans, the relevant Lending Criteria required that:
  - (i) the relevant tenancy, at the point of origination and, after that date, in respect of each Property (in England, Wales and Northern Ireland) was an assured shorthold tenancy or (in Scotland) a short assured tenancy or private residential tenancy; and

- (ii) each tenancy agreement, as at the time of origination of the relevant Mortgage Loan, was on terms which would be acceptable to a Prudent Mortgage Lender and the Seller is not aware of any material breach of any such agreement.

#### 4. Title

- (a) Immediately prior to transfer of the Mortgage Loans under the Mortgage Sale Agreement, Paratus had good and marketable or valid and marketable beneficial title free from any encumbrances or security interests other than any encumbrance or security interest which is to be released on completion of the Transaction, and is the absolute beneficial title owner of each Mortgage Loan and Related Security.
- (b) Paratus holds good and marketable or valid and marketable legal title free from any encumbrances or security interests, other than any security interest which is to be then released in contemplation of completion of the Transaction, and is the absolute legal title owner or heritable creditor in respect of each Mortgage Loan and Related Security.
- (c) All things necessary to perfect the vesting of the legal title to each Mortgage Loan and the related Mortgage in Paratus have been duly done.
- (d) All Mortgage Loans and Related Security are freely assignable or otherwise transferable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of the Mortgage Loans and Related Security. No notification to any Borrower is required to effect any equitable or beneficial transfer of the Mortgage Loans and Related Security and the Mortgage Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of Paratus or the Issuer (as applicable) to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents.
- (e) Except in the case of a Mortgage Loan which is the subject of a Title Insurance Policy at the date of origination, in relation to each such Mortgage Loan a Certificate of Title was received addressed to the relevant Original Lender or its solicitors and such Certificate of Title did not disclose any matter which would (if applicable, after further investigation) have caused a Prudent Mortgage Lender to decline to proceed with that Mortgage on the proposed terms and there has been no disclosure by any Borrower to Paratus which amends or varies in any way the statements made in the relevant Certificate of Title.
- (f) Except for any Title Deeds existing in dematerialised form or held or being dealt with by solicitors in accordance with Paratus' instructions, the customer file, the deed constituting the relevant Mortgage and any documents of title to the relevant Property are held by or to the order of the Servicer.
- (g) In the case of a leasehold Property:
  - (i) the relevant solicitors who acted for the relevant Original Lender were instructed to check that 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
  - (ii) a copy of the consent or notice has been or will be placed with the Title Information Documents.
- (h) Other than in respect of any actions or steps contemplated by paragraph 3.3 above, Paratus is not involved in, and has not received written notice of, any actual, threatened or pending litigation, claim, forfeiture, irritation, legal action, proceeding, suit, prosecution, investigation, enquiry, mediation or arbitration (together, **Proceedings**) calling into question in any material way the legal and/or beneficial title and interest to any Mortgage Loan in circumstances where any such Proceedings would materially prejudice the enforceability of, or collection of amounts due and payable under, a Mortgage Loan.



## **5. Valuers & Solicitors' Reports**

- (a) In relation to the GMAC-RFC Mortgage Loans, prior to making a Mortgage Loan to a Borrower GMAC-RFC instructed its approved solicitors or approved conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors normally make when lending to an individual on the security of residential property in England and Wales in the case of English Mortgage Loans, in Northern Ireland in relation to the Northern Irish Mortgage Loans and in Scotland in relation to Scottish Mortgage Loans.
- (b) In relation to the Mortgage Loans other than the GMAC-RFC Mortgage Loans, as far as Paratus is aware, having made due and careful enquiry, prior to making a Mortgage Loan to a Borrower the relevant Original Lender instructed its approved solicitors or approved conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors normally make when lending to an individual on the security of residential property in England and Wales in the case of English Mortgage Loans, in Northern Ireland in relation to the Northern Irish Mortgage Loans and in Scotland in relation to Scottish Mortgage Loans.
- (c) A valuation of the relevant Property was undertaken by either (i) a valuer approved by the relevant Original Lender; or (ii) applying an automated valuation model, in each case in accordance with the relevant Lending Criteria.
- (d) Other than in relation to the Compromise Arrangements, neither Paratus nor, as far as Paratus is aware, the relevant Original Lender nor any other person who has held title in any Mortgage Loan has waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Mortgage Loan and the related Mortgage.

## **6. Insurance**

- (a) The terms of each Mortgage Loan required the relevant Property to be insured under a borrower buildings policy taken out by a Borrower, the landlord of a Borrower, a superior landlord or a management company under the lease of such Property with the interest of such Borrower, landlord, superior landlord or management company and Paratus noted on it in an amount not less than the full reinstatement value.
- (b) In respect of Paratus' Financial Interest Policy, such policy covers each Mortgage Loan up to the outstanding balance of such loan, 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 such policy the right to avoid or terminate such policy in so far as it relates to the Mortgage Loans.
- (c) There is no claim outstanding under any Title Insurance Policy relating to a relevant Mortgage Loan. Each such 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 title insurer under any such Title Insurance Policy the right to avoid or terminate such policy in so far as it relates to the Properties.
- (d) Neither Paratus nor, so far as Paratus is aware, the relevant Original Lender (in the case of a Mortgage Loan other than a GMAC-RFC Mortgage Loan) has entered into any payment protection, accident, sickness and unemployment insurance arrangement or similar to a Borrower in respect of any Mortgage Loan.

## **7. Regulatory**

- (a) None of the terms in relation to any Mortgage Loan and none of the terms of the Related Security are unfair terms within the meaning of the UTCCR and/or the CRA in any respect that would materially adversely affect the enforcement of Mortgage Loans and the Related Security.

- (b) Paratus has, since either origination or acquisition (as applicable) of each Mortgage Loan, kept or procured (in accordance with FCA Rules and any other regulatory requirements) the keeping of such accounts, books and records as are necessary to show all transactions, payments, proceedings and receipts relating to that Mortgage Loan and all such accounts, books and records are current and are in the possession of Paratus or held to the order of Paratus.
- (c) No agreement for a Mortgage Loan is or includes 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) and no circumstances exist which are capable of making the relationship between the Seller and the customer unfair under section 140A of the CCA.
- (d) In relation to the Mortgage Loans which are regulated mortgage contracts within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001:
  - (i) from the date of origination and in relation to any such Mortgage Loan not referred to in paragraph 7(d)(ii) and 7(d)(iii) below (except where remediated, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected) all requirements of MCOB Rules have been complied with in all material respects in connection with the origination, documentation and administration of such Mortgage Loan (as applicable);
  - (ii) Other than the GMAC-RFC Mortgage Loans, from the date of origination to the date on which Paratus assumed the administration or servicing function for such Mortgage Loans (except where remediated, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected) as far as Paratus is aware, all requirements of MCOB Rules had been complied with in all material respects in connection with the origination, documentation and administration of such Mortgage Loan (as applicable); and
  - (iii) Other than the GMAC-RFC Mortgage Loans, from the date on which Paratus assumed the administration or servicing function for such Mortgage Loans (except where remediated, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected) all requirements of MCOB Rules have been complied with in all material respects in connection with the origination, documentation and administration of such Mortgage Loan (as applicable).
- (e) As far as Paratus is aware, having made due and careful enquiries, since the date of origination (in respect of the GMAC-RFC Mortgage Loans) or since the date on which Paratus assumed the administration or servicing function (in respect of Mortgage Loans other than the GMAC-RFC Mortgage Loans) of the Mortgage Loans there have been no complaints and/or investigations made, carried out or dealt with by the Office of Fair Trading or the FCA relating to any Mortgage Loans comprised in the Mortgage Portfolio which have not been remediated, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected.
- (f) As at the Cut-Off Date other than in relation to one Mortgage Loan, Paratus has not been notified that any complaint to the Financial Ombudsman Service is outstanding in respect of any Mortgage Loan.
- (g) In relation to the GMAC-RFC Mortgage Loans and Mortgage Loans which are not GMAC-RFC Mortgage Loans (following the date on which Paratus assumed the administration or servicing function for such Mortgage Loans) the requirements of the Money Laundering Regulations 2003, Money Laundering Regulations 2007, Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Proceeds of Crime Act 2002 have been complied with insofar as they relate to the administration of the Mortgage Loans, other than in the case of any non-compliance of a procedural or technical nature and provided that the result of any such non-compliance

has not materially adversely affected the enforceability of, or collection of amounts due under, the relevant Mortgage Loan.

- (h) As far as Paratus is aware (having made due and careful enquiry) no Borrower was a person with whom transactions are currently prohibited under any United States sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United Nations Security Council, the European Union, His Majesty's Treasury (including the Office of Financial Sanctions Implementation) or other relevant sanctions authority (collectively, "**Sanctions**") and no Borrower is located in a country or territory which is the subject of any Sanctions.

## **8. General**

- (a) All the Mortgage Loans in respect of Properties located in (i) England and Wales are governed by English law; (ii) Northern Ireland by Northern Irish law; and (iii) Scotland are governed by Scots law.
- (b) Other than in relation to the FM Mortgage Loan, each Mortgage Loan and its related Mortgage has been made on materially the same terms as are set out in the Standard Documentation and conditions relating to the relevant Mortgage Loan or, where there were any changes to those terms, those changes would have been acceptable to a Prudent Mortgage Lender.
- (c) Each Borrower is a natural person and was aged 18 years or older at the date that he or she executed the relevant Mortgage.
- (d) No Borrower is an employee of Paratus.
- (e) The Borrower under each Mortgage Loan has made at least one monthly payment.
- (f) Subject to, in relation to a Right to Buy Mortgage Loan, any charge or security which may arise in favour of the relevant local authority or any relevant housing association or other competent public authority or registered social landlord, each Mortgage Loan and its related Mortgage constitutes the legal, valid and binding obligation of the relevant Borrower enforceable in accordance with its terms and securing all monies payable by that Borrower in respect of its Mortgage Loan subject to:
  - (i) all applicable insolvency and bankruptcy laws and laws affecting the rights of creditors generally;
  - (ii) the availability of specific performance and equitable remedies generally in relation to the Tower Loans only, the limitation of claims against the relevant Borrowers in respect of any shortfall arising after the enforcement of such Mortgage Loan and each related Mortgage;
  - (iii) the application of the UTCCR and/or the CRA; and
  - (iv) the CCA,
- (g) and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than in relation to any prepayment charges).
- (h) Paratus has not, in writing, waived or acquiesced in any breach of any of its rights in respect of a Mortgage Loan comprised in the Mortgage Portfolio or its Related Security, other than when acting as a Prudent Mortgage Lender or pursuant to Compromise Arrangements (in which case, such waiver or acquiescence will have been noted in the file relating to the relevant Mortgage Loan).
- (i) As far as Paratus is aware, no Borrower is or has, since the date of origination of the relevant Mortgage Loan, been in breach of any obligation owed in relation to that Mortgage Loan and/or its related Mortgage

(other than such breaches occurring as a result of Paratus having taken any action or inaction in all material respects to the standard of a Prudent Mortgage Lender) where such breach would result in a Prudent Mortgage Lender enforcing the Mortgage Loan.

- (j) So far as Paratus is aware, no fraud, misrepresentation or concealment has been perpetrated in respect of any Mortgage Loan or Related Security (with the exception that in respect of sub-paragraphs 8(j)(i) and 8(j)(ii) below, the Servicer has entered into the Compromise Arrangements in respect of the Tower Loans) by:
- (i) any person who prepared a valuation of a Property; or
  - (ii) any solicitors who acted for the relevant Original Lender in relation to any Mortgage Loan; or
  - (iii) any insurance broker or agent in relation to any insurance contract relating to a Mortgage Loan; or
  - (iv) any Borrower of any Mortgage Loan; or
  - (v) any other party,
  - (vi) which would result in any monies owed by any of the Borrowers not being or being unlikely to be repaid in full under the terms of any of the Mortgage Loans.
- (k) Paratus has not received written notice of: (i) a determination by a court of competent jurisdiction that any of the Standard Documentation is defective or unenforceable or gives rise to a claim under section 140A of the CCA or (ii) a Borrower currently actively pursuing a claim that any of the Standard Documentation is defective or unenforceable or gives rise to a claim under section 140A of the CCA (including claims relating to mis-sold payment protection insurance) except where such notice relates to a determination or a claim which was the subject of a subsequent remediation exercise, provided that following such remediation the enforceability of, or collection of amounts due under, the relevant Mortgage Loan is not materially adversely affected.
- (l) The sale of the Mortgage Loans and their Related Security under this Agreement will not be treated by Paratus as constituting the whole or part of the consideration for any supply or supplies made by Paratus for VAT purposes under this Agreement.
- (m) No Mortgage Loan or Related Security consists of stock or marketable securities (in either case for the purposes of Section 125 of the Finance Act 2003), chargeable securities (for the purposes of Section 99 of the Finance Act 1986) or a chargeable interest (for the purposes of Section 48 of the Finance Act 2003, Section 4 of the Land Transaction Tax and Anti-Avoidance of Devolved Taxes (Wales) Act 2017) or a chargeable consideration (for the purposes of Part 4 of the Land and Building Transaction Tax (Scotland) Act 2013).

**In this Prospectus:**

**"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.

**"Compromise Arrangements"** means the compromise arrangements entered into by the Servicer in relation to the Tower Loans with the solicitors involved in the origination of such Mortgage Loans which preclude further claims against such solicitors and against the relevant Borrower in respect of any shortfall arising after the enforcement of a Tower Loan.

**"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.

**"Governmental Authority"** means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**"Legal Title Holder"** means Paratus AMC Limited.

**"Lending Criteria"** means the lending criteria applicable to the relevant 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.

**"Port"** means an offer to secure a Mortgage Loan over a property other than the Property in respect of which the initial Mortgage Loan was granted.

**"Product Switch"** means any variation in the financial terms and conditions applicable to a Mortgage Loan other than any variation:

- (a) agreed with a Borrower to control or manage actual or anticipated arrears on the Mortgage Loan;
- (b) in the maturity date of the Mortgage Loan (unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);
- (c) imposed by statute or applicable regulation;
- (d) in the frequency with which the interest payable in respect of the Mortgage Loan is charged;
- (e) by way of release of one or more joint Borrowers from any liability under a Mortgage Loan and its Related Security and/or a substitute Borrower or Borrowers taking the place and assume the obligations of the released Borrower or Borrowers (provided that at least one Borrower remains under such Mortgage Loan at all times);
- (f) the transfer of equity in a Property between joint Borrowers under a Mortgage Loan; or
- (g) agreed with a Borrower to change the Mortgage Loan from (i) an Interest Only Mortgage Loan to a Part and Part Mortgage Loan or a Repayment Mortgage Loan or (ii) a Part and Part Mortgage Loan to a Repayment Mortgage Loan.

**"Regulatory Direction"** means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person is required or accustomed to comply.

**"Requirement of Law"** in respect of any person means:

- (a) any law, treaty, rule, requirement or regulation;
- (b) a notice by or an order of any court having jurisdiction;
- (c) a mandatory requirement of any regulatory authority having jurisdiction; or
- (d) a determination of an arbitrator or Governmental Authority,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply.

"**Title Information Documents**" means the title deeds and any related planning documents or other local authority documents relating to the Property.

"**Tower Loans**" means 3 Mortgage Loans with an aggregate outstanding balance as at the Closing Date of not more than £603,983.29.

### **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 over (ii) any land in Scotland or Northern Ireland, 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, Land Register of Scotland or the Registers of Northern Ireland, the sale to the Issuer will take effect either, in the case of the English Mortgages and Northern Irish Mortgage Loans, 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 Legal Title Holder until such time as certain additional steps have been taken, including (i) in relation to English Mortgage Loans and Northern Irish 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 assignments by the Legal Title Holder in favour of the Issuer together with notification of the assignment to the Borrowers.

**Under the Mortgage Sale Agreement, none of the Seller nor the Issuer will require the execution and completion of such transfers, assignments 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 Legal Title Holder shall be obliged to give notice of assignment (or assignment) of the Mortgage Loans to the Borrowers following the occurrence of a Perfection Event (as described below). The execution of transfers or assignments 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 Legal Title Holder 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 Legal Title Holder 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 Legal Title Holder; or

- (iii) by any organisation of which the Legal Title Holder 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 Legal Title Holder 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 Legal Title Holder 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 Legal Title Holder calling for perfection by delivering notice in writing to that effect to the Issuer (with a copy to the Security Trustee); or
- (h) the occurrence of an Insolvency Event relating to the Legal Title Holder.

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, Land Register of Scotland or the Registers of Northern Ireland 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, Land Register of Scotland or the Registers of Northern Ireland.

## 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 Purchase Price and the issuance of the 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 English Mortgage Loans and their Related Security and the Northern Irish Mortgage Loans and their Related Security; and
- (b) to 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 and Northern Irish 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 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 Purchase Price in an amount equal to £344,695,000.00, such Purchase Price being due and payable on the Closing Date (the "**Purchase Price**");
- (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 RC2 Residual Certificates, the 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 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 Payments payable to the RC2 Certificateholders will be paid in accordance with the priority of payments set out in the section 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, assignation 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, Registers of Northern Ireland or the Registers of Scotland (as applicable).

Save for Title Deeds held at the Land Registry, Land Register of Scotland or the Registers of Northern Ireland, 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***

On the Closing Date, 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).

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 on the Closing Date with the Mortgage Loan Warranties given by the Seller under the Mortgage Sale Agreement; and (ii) such breach is not remedied within the Grace Period (which starts from the date when such breach was notified to the Issuer and Servicer in writing), 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 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 as soon as it becomes aware of such breach.

The Seller will additionally be required to repurchase Mortgage Loans and their Related Security where the Seller has determined that it will accept a request from a Borrower for or the Seller (or the Servicer acting on its behalf) has determined that it will issue an offer of (i) a Further Advance, or (ii) a Port, or (iii) a Product Switch.

The Seller will also agree in the Mortgage Sale Agreement that if and to the extent that any determination shall be made by any court of competent jurisdiction or other competent authority or any ombudsman or regulator that:

- (a) 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 and/or the CRA);
- (b) any other discretionary interest rate or margin payable under any Mortgage Loan (subject to any applicable caps, discounts and fixed rates) may not be set by any successors or assigns of the Seller or those deriving title from it; or
- (c) there has been any breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the Seller relating to the interest payable by, or applicable to a Borrower under any Mortgage Loan,

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.

"**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) 31 January 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) Accrued Interest, and
- (c) any other amount (including, for the avoidance of doubt, Arrears of Interest and any fees or costs incurred in connection with the recovery of that Mortgage Loan) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage (but excluding Accrued Interest),

**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 May 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 or owner occupied 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 relevant Original Lender.

**"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.

**"Northern Irish Mortgage"** means a standard security over a Property located in Northern Ireland.

**"Northern Irish Mortgage Loan"** means a Mortgage Loan secured by a Northern Irish Mortgage.

**"Property"** means, in relation to a Mortgage Loan and its related Mortgage, the freehold or leasehold property situated in England, Wales or Northern Ireland 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, Northern Ireland 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, the Land Registry,

the Registers of Northern Ireland 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 relevant Original Lender in accordance with the standard practices of the relevant Original Lender, in the origination of a Mortgage Loan and its Related Security.

"**Standard Documentation**" means the standard documentation of the relevant Original Lender, being the documents which were used by the relevant Original Lender 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 relevant Original Lender 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 the Scottish Declaration of Trust granted pursuant to the Mortgage Sale Agreement shall be governed by Scots law and any aspects relating to Northern Irish Mortgage Loans and their Related Security will be construed in accordance with Northern Irish 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 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 a 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 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 February 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 Portal (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 February 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 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 Portal (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.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 the EU Article 7 Technical Standards.. For further information see the section entitled "*Cash Management Agreement*".

#### ***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 Current 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 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 where the applicable Mortgage Rate is calculated by reference to the Bank of England Base Rate (the "**Bank of England Base Rate-Linked Mortgage Loans**"); and
- (b) Mortgage Loans which are subject to the Seller's prevailing published standard variable rate ("**SVR**") (the "**SVR Mortgage Loans**").

Each of the Issuer and the Seller has granted the Servicer the full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set in relation to the SVR Mortgage Loans sold by the Seller to the Issuer which have not at the relevant date of determination been repurchased by the Seller, the SVR and any other discretionary rates or margins applicable in relation to the Mortgage Loans.

The SVR applicable to the SVR Mortgage Loans will be set at a rate which is the higher of (A) the Seller's prevailing published SVR and (B) the Bank of England Base Rate plus 2.50 per cent. (the "**SVR Floor**") provided that the Servicer shall only be under an obligation to set the SVR in the above manner if it does not result in a breach of the applicable Mortgage Conditions and would not be contrary to applicable laws (including, without limitation, applicable guidelines of the OFT and applicable statements of good practice of the FCA) and may be undertaken in accordance with the standards of a Prudent Mortgage Lender.

#### ***Further Advances, Porting and Product Switches***

The sale of Mortgage Loans and their Related Security comprised in the Mortgage Portfolio do not impose or include any obligation on the Issuer (i) to pay or make any Further Advances, or (ii) to agree to a request for a Port, or (iii) to agree to a request for a Product Switch (such activities being "**Regulated Mortgage Lending Activities**"). Regulated Mortgage Lending Activities remain an obligation of the Seller, notwithstanding the sale of such Mortgage Loans and their Related Security to the Issuer.

A decision by the Servicer or the Seller to issue to a Borrower an offer of, or a determination by the Seller that it will accept a request from a Borrower for, (i) a Further Advance, or (ii) a Port, or (iii) a Product Switch, will result in the Seller being required to repurchase a relevant Mortgage Loan and its Related Security to which such offer or acceptance (as the case may be) relates.

### ***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*".

### ***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 and the RC2 Certificateholders.

### ***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.

**"Permitted Variation"** means (i) an amendment to a document relating to a Mortgage or the Mortgage Conditions that would be acceptable to a Prudent Mortgage Lender for the purpose of controlling or managing arrears on a Mortgage Loan or (ii) a change in the method of repayment from interest only to either (A) capital and interest repayment or (B) part interest only and part capital and interest repayment.



## 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 and Northern Irish Mortgage Loan comprised in the Mortgage Portfolio;
- (b) an assignment of rights held by the Issuer against certain third parties and insurers;
- (c) 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;
- (d) an assignation in security of the Issuer's beneficial interest under each trust declared by the Seller pursuant to the Scottish Declaration of Trust;
- (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)), 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) 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, 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 Northern Irish Mortgage Loans and their Related Security will be construed in accordance with Northern Irish law and aspects relating to Scottish Mortgage Loans and their Related Security will be construed in accordance with Scots law and any 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 Certificates are subject to the provisions in the Trust Deed. The Conditions and the Certificates Conditions and the forms of each Class of Notes and the 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 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 the 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; and
- (i) 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 (t) 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 Z2 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 (r) 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 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 (h) 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.

- (v) 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*").

- (vi) 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 Z2 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 (r) 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*");
- (vii) 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**");
  - (E) the principal deficiency sub-ledger relating to the Class E Notes (the "**Class E Principal Deficiency Sub-Ledger**");
  - (F) the principal deficiency sub-ledger relating to the Class F Notes (the "**Class F Principal Deficiency Sub-Ledger**"); and
  - (G) the principal deficiency sub-ledger relating to the Class Z1 Notes and 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

- (viii) 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 February 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 February 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 (c) 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 (i) Article 7(1)(e) of the UK Securitisation Regulation and (ii) 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 Technical Standards and the EU Article 7 Technical Standards. The Monthly Investor Reports will be provided by the Cash Manager by no later than 11.00am 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.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.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. 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 February 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 Portal (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:

- (i) 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
- (ii) 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 – Substitute 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.

### **The 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, which will be operated in accordance with the Cash Management Agreement and the Deed of Charge. 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.

### **The 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.

## 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 (u) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the RC2 Certificateholders at item (v) 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 Ledger 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 (g) (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 (h) 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 (q) (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 Ledger 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 (t) (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 Z2 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, 1.5 per cent. of the Principal Amount Outstanding of the Collateralised Notes as of the Closing Date being an amount equal to £5,170,000; 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 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 (r) 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 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 (h) 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 an Interest Payment Date, the Liquidity Reserve shall not be applied as Available Revenue Receipts but, subject to the Liquidity Availability Condition, shall be available for the purpose of Liquidity Reserve Drawings.

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 Senior Note 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 (e), (g), (j), (l), (n) and/or (p) 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 (if any) shall be available at all times to provide for Revenue Deficits under items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments;
- (b) **provided that** the Class B Notes are the Most Senior Class of Notes, Liquidity Reserve Drawings shall be available in relation to Revenue Deficits corresponding to item (g) of the Pre-Enforcement Revenue Priority of Payments at all times;
- (c) **provided that** the corresponding Class of Notes are the Most Senior Class of Notes outstanding at such time, Principal Addition Amounts shall be available in relation to Revenue Deficits corresponding to items (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments; and
- (d) at all other times and in relation to item (g) 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 0 per cent. of the Principal Amount Outstanding in respect of the Class B Notes as at the relevant date.

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 Senior Note 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) on the Final Redemption Date 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, 1.5 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, 1.5 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 seven 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, Class E Principal Deficiency Sub-Ledger, Class F 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 F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes;
- (c) *third*, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes;
- (d) *fourth*, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes;
- (e) *fifth*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes;
- (f) *sixth*, 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
- (g) *seventh*, 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 sum of:

- (a) the Principal Amount Outstanding of the Class Z1 Notes; and
- (b) 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 (u) 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 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, 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 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 (h) 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 which are not treated as Redemption Receipts;
- (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 (t) of the Pre-Enforcement Revenue Priority of Payments;
- (f) amounts determined to be applied as Available Revenue Receipts in accordance with item (i) of the Pre-Enforcement Redemption Priority of Payments;
- (g) any amounts to be debited from the Liquidity Reserve Ledger over and above the Liquidity Reserve Required Amount;
- (h) 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
- (i) 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*

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

"**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.

"**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 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 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 Trust, 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 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;
- (f) *sixth* 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);
- (g) *seventh*, 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;
- (h) *eighth*, on or prior to the Final Redemption Date, to credit the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount;
- (i) *ninth*, 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);
- (j) *tenth*, 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;

- (k) *eleventh*, 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);
- (l) *twelfth*, 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;
- (m) *thirteenth*, 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);
- (n) *fourteenth*, 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 E Notes;
- (o) *fifteenth*, for so long as the Class E Notes are outstanding, to credit the Class E 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);
- (p) *sixteenth*, 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 F Notes;
- (q) *seventeenth*, for so long as the Class F Notes are outstanding, to credit the Class F 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);
- (r) *eighteenth*, to credit the Credit Reserve Ledger up to the Credit Reserve Required Amount;
- (s) *nineteenth*, 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);
- (t) *twentieth*, 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;
- (u) *twenty-first*, 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**");
- (v) *twenty-second*, *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 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 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 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 (for the avoidance of doubt (i) including amounts attributable to Arrears of Interest thereon as at the relevant repurchase date, to the extent such Arrears of Interest are Un-Capitalised Receipts, and (ii) excluding (A) any Accrued Interest thereon as at the relevant repurchase date and (B) amounts attributable to Arrears of Interest thereon as at the relevant repurchase date, to the extent such Arrears of Interest are not Un-Capitalised Receipts);
- (c) recoveries of principal from defaulting Borrowers under Mortgage Loans (excluding 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);
- (e) amounts that meet the description of limb (c) of the definition of Current Balance up to the Cut-Off Date (such amounts in this item (e) being the **"Un-Capitalised Receipts"**); and
- (f) 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 (f), (i), (k), (m), (o), (q) and (s) 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; and
- (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,

*less*

- (g) 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 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 amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (g) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (h) *eighth*, in or towards repayment, *pro rata* and *pari passu*, of principal due and payable on:
  - (i) the Class Z1 Notes until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero; and
  - (ii) the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero; and
- (i) *ninth*, 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 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 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, 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; 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*, payment of unpaid interest due and payable on the Class A Notes;
- (e) *fifth*, 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;
- (f) *sixth*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class B Notes;
- (g) *seventh*, 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;
- (h) *eighth*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class C Notes;

- (i) *ninth*, 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;
- (j) *tenth*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class D Notes;
- (k) *eleventh*, 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;
- (l) *twelfth* to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class E Notes;
- (m) *thirteenth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (n) *fourteenth*, to pay, *pro rata* and *pari passu*, unpaid interest due and payable on the Class F Notes;
- (o) *fifteenth*, to pay, *pro rata* and *pari passu*, principal due and payable on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (p) *seventeenth*, in or towards repayment, *pro rata* and *pari passu*, of principal due and payable on:
  - (i) the Class Z1 Notes until the Principal Amount Outstanding on the Class Z1 Notes has been reduced to zero; and
  - (ii) the Class Z2 Notes until the Principal Amount Outstanding on the Class Z2 Notes has been reduced to zero;
- (q) *seventeenth*, 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;
- (r) *eighteenth*, to pay the Issuer Profit Amount; and
- (s) *nineteenth*, *pro rata* and *pari passu* all remaining amounts to be applied as RC2 Payments to the RC2 Certificateholders.

## INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

### *Regulated Mortgage Contracts*

In the UK, regulation of residential mortgage business under the Financial Services and Markets Act 2000 ("FSMA") came into force on 31 October 2004 (the date known as the "**Regulation Effective Date**"). Entering into a regulated mortgage contract as a lender, arranging a regulated mortgage contract or advising in respect of a regulated mortgage contract, and administering regulated mortgage contracts (or agreeing to do any of those activities) are (subject to applicable exemptions) regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that if a mortgage contract was entered into on or after the Regulation Effective Date but prior to 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provides credit to an individual or to trustees; (ii) the obligation of the Borrower to repay was secured by a first legal mortgage (or, in Scotland, heritable security) on land (other than timeshare accommodation) in the UK; and (iii) at least 40 per cent. of which was used, or was intended to be used, as or in connection with a dwelling by the Borrower or (in the case of credit provided to trustees) by an individual who was a beneficiary of the trust, or by a related person.

The current definition of a Regulated Mortgage Contract (a "**Regulated Mortgage Contract**") is such that if the mortgage contract was entered into on or after 21 March 2016, it will be a Regulated Mortgage Contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions): (a) the borrower is an individual or trustee; and (b) the contract provides for the obligation of the borrower to repay is secured by a mortgage (or, in Scotland, heritable security) on land, at least 40 per cent. of which is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) (in the case of credit provided to a trustee who is not an individual) as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a Related Person (as defined below). In relation to a contract entered into before 23:00 on 31 December 2020, 'land' means land in the United Kingdom or within the territory of an EEA State and in relation to a contract entered into on or after 23:00 on 31 December 2020, 'land' means land in the United Kingdom. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is: (1) that person's spouse or civil partner; (2) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or (3) that person's parent, brother, sister, child, grandparent or grandchild (a "**Related Person**").

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) "administering" a Regulated Mortgage Contract (administering in this context broadly means notifying borrowers of changes in mortgage payments and/or taking any necessary steps for the purposes of collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging Regulated Mortgage Contracts. Agreeing to carry on any of these activities is also a regulated activity. If requirements as to the authorisation of lenders and brokers are not complied with, a Regulated Mortgage Contract will be unenforceable against the borrower except with the approval of a court and the unauthorised person may commit a criminal offence. An unauthorised person who carries on the regulated mortgage activity of administering a Regulated Mortgage Contract that has been validly entered into may commit an offence, although this will not render the contract unenforceable against the borrower. The regime under the FSMA regulating financial promotions covers the content and manner of the promotion of agreements relating to qualifying credit and who can issue or approve financial promotions. In this respect, the FSMA regime not only covers financial promotions of Regulated Mortgage Contracts but also promotions of certain other types of secured credit agreements under which the lender is a person (such as an originator) who carries on the regulated activity of entering into a Regulated Mortgage Contract. Failure to comply with the financial promotion regime (as regards who can issue or approve financial promotions) is a criminal offence and will render the Regulated Mortgage Contract or other secured credit agreement in question unenforceable against the borrower except with the approval of a court.



The Servicer is required to hold and does hold authorisation and permission to enter into and to administer Regulated Mortgage Contracts. The Seller is required to hold, and holds, authorisation and permission to enter into a Regulated Mortgage Contract as lender and to administer Regulated Mortgage Contracts. Brokers are in certain circumstances required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts.

The Issuer is not, and does not propose to be, an authorised person under the FSMA with respect to Regulated Mortgage Contracts and related activities. Under the RAO, the Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by virtue of having the relevant Regulated Mortgage Contracts administered pursuant to a servicing agreement by an entity having the required authorisation and permission under the FSMA. If such a servicing agreement terminates, the Issuer will have a period of not more than one month (beginning with the day on which such arrangement terminates) in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission.

The Issuer will only hold beneficial title to the Mortgage Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event, the Issuer must arrange for a servicer to administer these Mortgage Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA or PRA rule and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person. Any such set-off in respect of the Mortgage Loans may adversely affect the realisable value of the Mortgage Loans comprising the Mortgage Portfolio.

### ***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 Mortgage Portfolio comprises of Mortgage Loans which 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 Mortgage 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.

### ***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.

#### ***Non-disclosure of broker commissions***

Certain of the Mortgage Loans were originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the relevant original lenders would have paid commission to such intermediaries in consideration for such activities in the form of a procuration fee.

Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the legal title holder of the affected Loan. If such claim was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the Borrower in the circumstances), whereas the award is likely to be greater where there was a failure to disclose the existence of the commission to a Borrower.

If there were any successful non-disclosure of broker commission claims made by Borrowers in respect of any Mortgage Loans and the court ordered that financial redress be 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 Issuer's ability to make payment in full on the Debt when due.

#### ***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 relevant original lenders 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 the contract 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.

A regulated mortgage contract under the FSMA, if originated by a United Kingdom lender (who is authorised by the FCA) from an establishment in the United Kingdom, will not be cancellable under the Distance Marketing Regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Failure to comply with MCOB pre-contract disclosure rules could result in, amongst other things, disciplinary action by the FCA and claims for damages under Section 138D of FSMA.

Certain other agreements for financial services will be cancellable under the Distance Marketing Regulations if the borrower does not receive prescribed information at the prescribed time. 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 received by the consumer (where all of the 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 relevant original lenders 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 relevant original lenders 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 relevant original lenders 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 relevant original lenders 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 these regulations, 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 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 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 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 backdrop 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 mortgage 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, there is a risk that this may reduce the amounts available to meet the payments due in respect of the Notes and Certificates.

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 "**E&W Protocol**"). A new pre-action protocol for possession proceedings based on mortgage arrears in respect of residential property (the "**NI Protocol**") came into force in Northern Ireland on 1 November 2021. The E&W Protocol and the NI Protocol are collectively referred to herein as the (the "**Pre-Action Protocols**"). The Pre-

Action Protocols 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 Pre-Action Protocols 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 Protocols 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 10 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.

### ***Mortgage Prisoners***

The FCA is aware that there are some consumers who cannot switch to a more affordable mortgage despite being up to date with their mortgage payments. This includes those who cannot switch because of changes to lending practices during and after the 2008 financial crisis and subsequent regulation that tightened lending standards – often called 'mortgage prisoners'.

Under Policy Statement PS19/27 which came into effect on 28 October 2019, the FCA have amended their responsible lending rules and guidance to help remove potential barriers to consumers switching to a more affordable mortgage and to reduce the time and costs of switching for all relevant consumers. The changes will

mean that mortgage lenders can choose to carry out a modified affordability assessment where a consumer has a current mortgage, is up to date with their mortgage payments (and has been for the last 12 months), does not want to borrow more, other than to finance any relevant product, arrangement or intermediary fee for that mortgage, and is looking to switch to a new mortgage deal on their current property. Further, inactive lenders and administrators acting for unregulated entities (such as the Issuer) must review their customer books and develop and implement a communication strategy for contacting relevant consumers to tell them it could be simpler for them to remortgage. The communication exercise must have been completed by 15 January 2021.

The modification of the responsible lending rules should make it easier for a borrower who is a mortgage prisoner to switch to a new lender and this, together with the proposed notification obligations, could increase redemption rates where there are a significant number of mortgage prisoners held by a lender.

### ***Right to Buy Mortgage Loans***

As at the Cut-Off Date approximately 8.87 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of the Mortgage Loans are Right to Buy Mortgage Loans. Properties sold under the Right to Buy scheme of the Housing Act 1985, Housing (Northern Ireland) Order 1983 or Housing (Scotland) Act 1987 (as amended), as applicable, are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985, Housing (Northern Ireland) Order 1983 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if that purchaser disposes of the property within one year of acquiring it from the landlord, four-fifths if that purchaser does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years.

A purchaser under the scheme of the Housing (NI) Order 1983 must repay the whole of the discount if that purchaser disposes of the property within five years of acquiring it from the landlord. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the discount if that purchaser sells the property within one year, two-thirds if that purchaser does so within two years and one third if within three years.

The landlord obtains a statutory charge in respect of the contingent liability of the purchaser under the scheme to repay the discount. Under the Housing Act 1985, Housing (Northern Ireland) Order 1983 or Housing (Scotland) Act 1987 (as amended) (as applicable) such statutory charge ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge shall automatically rank behind any charge on the related property in relation to monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise their right to buy and (in Scotland) monies advanced for the purchase or improvement of the property. In England and Wales, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord. A purchaser under the scheme of the Housing (NI) Order 1983 is required, before a sale or disposal of the property within 10 years of the date of purchase, to give the original landlord the opportunity to buy the property. If the original landlord does not buy the property and there is a local housing need, the original landlord will let housing associations know the property is for sale. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the original landlord.

The Right to Buy scheme of the Housing (NI) Order 1983 ended for all council and housing association tenants in Northern Ireland on 28 August 2022. Tenants with a right to buy could make their application to buy their home up until midnight on 27 August 2022.

The right to buy scheme in Scotland ended for all council and housing association tenants in Scotland on 1 August 2016. Tenants with a right to buy could submit their application up to 31 July 2016 with their application.

### ***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. The timetable for this proposed new legislation becoming law in Scotland has not been confirmed yet.

### ***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:

- (i) a long lease is also an AT/AST due to the level of the ground rent;
- (ii) the tenant is in arrears of ground rent for more than three months;
- (iii) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- (iv) 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 prohibit most eviction grounds and prohibits 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 December 2020 around 69 per cent. of 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 3.30 per cent. of the Provisional Mortgage Portfolio by aggregate Current Balance of Mortgage Portfolio as at the Cut-Off Date are Properties are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

### ***Protected Tenancies in Northern Ireland***

A property may have a protected tenancy if all these criteria apply: (i) the current tenancy began before 2007; (ii) the property was built or converted for letting before 1956; (iii) the property was first rented out before 1978; and (iv) a tenant was living in the property in October 1978. The property does not need to have been rented to the same tenant since 1978. If it meets the above criteria, it can still be considered a protected tenancy, even if it has been vacant or the owner has lived there.

A tenancy cannot be protected if the property: (i) was let with a large amount of land before 1978; (ii) has a net annual value (NAV) over £140 and has been re-let since October 1978; (iii) was owned by the Crown, Housing Executive or the government in October 1978; and (iv) was let as a condition of the tenant's job (such as a resident caretaker) in October 1978.

Protected and statutory tenancies have their rents controlled by Government. The tenant usually has the right to remain in the tenancy for life and in many cases the tenancy can be inherited by a member of the tenant's family after they die.

### ***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 6 months is longer than in England and Wales, the Scottish regime does not currently make any accommodation for mental health crisis (though this may change in the future if the Bankruptcy and Diligence (Scotland) Bill becomes law).

### ***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 Original Lenders.

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 Original Lenders, 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 Original Lenders, 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 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 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 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**

Holders 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 CERTIFICATES

### General

Each Class of Certificates, as at the Closing Date, will be represented by a Global Certificate. The Global Certificates 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 Certificates.

Upon confirmation by the Common Depository that it has been issued with the Global Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Certificates ("**Certificate Book-Entry Interests**") representing beneficial interests in the Certificates attributable thereto.

Ownership of 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. 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 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 Certificate Book-Entry Interests will be shown on, and transfers of 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 Certificate Book-Entry Interests.

So long as the nominee of the Common Depository is the registered holder of the Global Certificates underlying the Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Certificate represented by that Global Certificate for all purposes under the Trust Deed. Except as set out under the section below entitled "*Issuance of Definitive Certificates*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a 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 Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*".

Unlike legal owners or holders of the Certificates, holders of the 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 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 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 Certificate Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the 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 Certificate Book-Entry Interests are exchanged for Definitive Certificates, the Global Certificates held by the nominee for the Common Depositary may not be transferred except as a whole by that nominee for the Common Depositary to a successor nominee for that Common Depositary or a nominee of a successor of the Common Depositary.

Purchasers of Certificate Book-Entry Interests in a Global Certificate will hold Certificate Book-Entry Interests in the Global Certificate relating thereto. Investors may hold their Certificate Book-Entry Interests in respect of a Global 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 Certificate Book-Entry Interests in the Global Certificates 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 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 Certificates**

The Global Certificates will become exchangeable in whole, but not in part, for Definitive Certificates at the request of the holder of the relevant Global 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 relevant Global 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 Certificates which would not be required were the relevant Certificates in definitive registered form (the "**Exchange Event**").

Any Definitive Certificate issued in exchange for Certificate Book-Entry Interests in a Global 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 Certificate Book-Entry Interests. Whenever a Global Certificate is to be exchanged for Definitive Certificates, the Issuer shall procure the prompt delivery (free of charge to the holders of the Certificate Book-Entry Interests) of such Definitive Certificates, duly authenticated, in an aggregate principal amount equal to the principal amount of the relevant Global Certificate within 30 days of the occurrence of the Exchange Event **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment of RC2 Payment in respect of the RC2 Residual Certificates.

#### **Payments on Global Certificates**

Payment of amounts due in respect of the Global Certificates 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 Certificates.

Each holder of 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 Depository or its nominee in respect of those 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 Depository, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of 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 Certificates. The Record Date in respect of the Global Certificates 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 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 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 Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of 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 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 Certificate Book-Entry Interests or if an owner of a 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 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 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 Certificates may be held only through Euroclear or Clearstream, Luxembourg. The Global Certificates will bear a legend similar to that appearing under the section of this Prospectus entitled "*Transfer Restrictions and Investor Representations*", and neither the Global Certificates 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 Certificate.

### **Action in respect of the Global Certificates and the Certificate Book-Entry Interests**

Not later than ten days after receipt by the Issuer of any notice in respect of the Global Certificates or any notice of solicitation of consents or requests for a waiver or other action by the holder of the relevant Global 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 Certificate Book-Entry Interests or the Global Certificates 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 Certificate Book-Entry Interests or the Global Certificates 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 Certificates Condition 15 (*Notice to Certificateholders*)). The Note Trustee may in accordance with 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 £303,334,000 Class A floating rate notes due February 2047 (the "**Class A Notes**"), the £12,926,000 Class B floating rate notes due February 2047 (the "**Class B Notes**"), the £3,446,000 Class C floating rate notes due February 2047 (the "**Class C Notes**"), the £2,585,000 Class D floating rate notes due February 2047 (the "**Class D Notes**"), the £7,928,000 Class E floating rate notes due February 2047 (the "**Class E Notes**"), the £3,274,000 Class F floating rate notes due February 2047 (the "**Class F Notes**" and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Collateralised Rated Notes**"), the £11,202,000 Class Z1 Notes due February 2047 (the "**Class Z1 Notes**") and the £5,170,000 Class Z2 Notes due February 2047 (the "**Class Z2 Notes**") (and together with the Class Z1 Notes, the "**Class Z Notes**") (and the Class Z1 Notes together with the Collateralised Rated Notes the "**Collateralised Notes**") (and the Collateralised Rated Notes together with the Class Z Notes, the "**Notes**"), in each case of RMAC No.3 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 18 September 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, the Class E Notes, the Class F Notes, the Class Z1 Notes or the Class Z2 Notes or in respect of the Certificates or the Certificateholders shall be a reference to the RC1 Residual Certificates or the RC1 Residual Certificates, 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.
- (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 E 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 E 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, the Class C Notes and the Class D 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 E Notes (the "**Class E Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes remain outstanding).
- (f) The Class F 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 F 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, the Class C Notes, the Class D Notes and the Class E 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 F Notes (the "**Class F Noteholders**") will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes remain outstanding).

- (g) 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 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 Z1 Notes (the "**Class Z1 Noteholders**") and as holders of the Class Z2 Notes (the "**Class Z2 Noteholders**") and the Class Z1 Noteholders together with the Class Z2 Noteholders (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).
- (h) 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 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.
- (i) 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.
- (j) 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 or Certificates:** purchase or otherwise acquire any Notes or 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. 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 15 February 2024 (the "**First Interest Payment Date**").

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*

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:

- (a) in respect of each Class of the Collateralised Rated Notes and any Interest Period, the Agent Bank will determine:
  - (i) the Relevant Screen Rate for each Class of the Collateralised Rated Notes for the relevant Interest Period; and
  - (ii) the Interest Payment Date next following the relevant Interest Period;
- (b) the Rates of Interest for the relevant Interest Period shall be in respect of the Collateralised Rated Notes:
  - (i) from (and including) the Closing Date to (but excluding) the Optional Redemption Date, Compounded Daily SONIA plus the Relevant Margin; and
  - (ii) 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:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

**"d"** is the number of calendar days in the relevant Interest Period;

**"d<sub>o</sub>"** is the number of Business Days in the relevant Interest Period;

**"i"** is a series of whole numbers from one to d<sub>o</sub>, 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<sub>i</sub>"**, 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

**"SONIA<sub>i-pLBD</sub>"** 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, 1.20 per cent. per annum;
  - (ii) in respect of the Class B Notes, 2.60 per cent. per annum;
  - (iii) in respect of the Class C Notes, 3.60 per cent. per annum;
  - (iv) in respect of the Class D Notes, 4.85 per cent. per annum;

- (v) in respect of the Class E Notes, 6.85 per cent. per annum; and
- (vi) in respect of the Class F Notes, 8.50 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, 1.80 per cent. per annum;
  - (ii) in respect of the Class B Notes, 3.60 per cent. per annum;
  - (iii) in respect of the Class C Notes, 4.60 per cent. per annum;
  - (iv) in respect of the Class D Notes, 5.85 per cent. per annum;
  - (v) in respect of the Class E Notes, 7.85 per cent. per annum; and
  - (vi) in respect of the Class F Notes, 9.50 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 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 the Mortgage Sale Agreement (and the documents to be entered into pursuant thereto), the Scottish Declaration of Trust, each Scottish Supplemental Charge, Servicing Agreement, Cash Management Agreement (and any replacement cash

management agreement), Deed of Charge (and the documents to be entered into pursuant thereto), Trust Deed, Agency Agreement, Issuer Account Bank Agreement, Incorporated Terms Memorandum, Issuer Power of Attorney, Seller Power of Attorney, Corporate Services Agreement, Deed Poll, Global Collection Account Declaration of Trust, Deed of Accession to Global Collection Account Declaration of Trust, Collection Account Bank Agreement, the share trust deed dated 28 July 2023 (the "**Share Trust Deed**") and the Portfolio Transaction Accounts Declaration of Trust.

#### **6.4 Determination of Rates of Interest and Interest Amounts**

##### ***Rates of Interest***

The Agent Bank shall, as soon as practicable after 11.00a.m. (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 paragraph 2 of 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 February 2047 (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 E Notes until they are each repaid in full; and thereafter
  - (vi) to repay the Class F Notes until they are each repaid in full; and thereafter
  - (vii) 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 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 (r) (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 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 £303,334,000, in respect of the Class B Notes of £12,926,000, in respect of the Class C Notes of £3,446,000, in respect of the Class D Notes of £2,585,000, in respect of the Class E Notes of £7,928,000, in respect of the Class F Notes of £3,274,000, in respect of the Class Z1 Notes of £11,202,000 and in respect of the Class Z2 Notes of £5,170,000, 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 (other than for interest previously deferred under Condition 18.1 in respect of any Class E Notes or Class F Notes where such Class of Notes are the Most Senior Class of Notes) prior to the Final Maturity Date or any other Interest Payment Date on which the Notes are to be redeemed in full 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 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 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 Certificates or the Trust Deed (including these Conditions or the 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 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 Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class F 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) subject to Conditions 13.3(a)(ii) and 13.3(a)(iii) below, 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 all Classes of 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 holders of all Classes of Certificates, in each case irrespective of the effect it has upon them; and
  - (iii) no resolution of any Class of Noteholders or the Certificateholders shall take effect for any purpose while any 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 and, in the case of the Certificates, an Extraordinary Resolution of the holders of all Classes 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 and, in the case of the Certificates, the interests of the holders of all Classes of Notes).
- (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 holders of Certificates of only one Class 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 or Class of Certificates so affected.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or 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 each Class of Certificates then in issue (as applicable), in each case only if such Class of Notes or 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 Certificates, except in accordance with Condition 13.6(c) and the Trust Deed in relation to any Base Rate Modification; (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 Certificates (including in relation to Class of Notes or Certificates, if any such modification is proposed for any Class of Notes ranking senior to such Class of Notes or the Certificates in the Priorities of Payments); except in accordance with Condition 13.6(c) and the Trust Deed in relation to any Base Rate Modification; (iv) alter the currency in which payments under any Class of Notes or 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 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 Certificates Conditions any of the Transaction Documents by any party thereto which would have the effect of any of the foregoing; (viii) 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.

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 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 any Class (or, if there are no Notes outstanding, the interests of the Certificateholders of any Class); or
- (b) to these Conditions, the 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;
- (a) 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
- (b) 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(b) above and certifying that such modification is required solely for such purpose and has been drafted solely to such effect, being a "**Modification Certificate**";

- (c) for the purpose of changing the Relevant Screen Rate or the base rate that then applies in respect of the Notes 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 sub-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(c)(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(c) are satisfied.

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(c) and/or requiring the Security Trustee to do so above (other than in respect of a Basic Terms Modification) and/or any Transaction Document if:

(A) at least 30 days' prior notice of any such proposed modification have been given to the Note Trustee and the Security Trustee;

- (B) the Modification Certificate or (as applicable) the Base Rate Modification Certificate in relation to such modification has been 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;
- (C) the consent of each Secured Creditor which is party to the relevant Transaction Document has 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 has been obtained;
- (D) the Note Trustee and Security Trustee are satisfied that they have been or will be reimbursed for all costs, fees and expenses (including properly incurred legal fees and expenses) incurred by it in connection with such modification;
- (E) the Issuer or the Servicer on its behalf (as applicable) either:
  - (I) has obtained from each of the Rating Agencies a Rating Agency Confirmation; or
  - (II) has certified in the Modification Certificate or (as applicable) the Base 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;
- (F) in relation to Conditions 13.6(a) to 13.6(b) (inclusive), 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 (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;

- (G) in relation to Condition 13.6(c) 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:
- (I) 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
  - (II) the sub-paragraph(s) of Condition 13.6(c)(i) under which the Base Rate Modification is being proposed; and
  - (III) which Alternative Base Rate is proposed to be adopted pursuant to Condition 13.6(c)(ii), and, where Condition 13.6(c)(ii)(F) is being applied, the rationale for choosing the proposed Alternative Base Rate; and
  - (IV) 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;
- (H) details have been 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:
- (I) 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

- (II) in the event that it has become generally accepted market practice in the securitisation, Eurobond 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
  - (III) in the event that neither (I) nor (II) above apply, 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
  - (IV) 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
  - (V) 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
- (I) details have been 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 (a) When implementing any modification pursuant to this Condition 13:
- (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 or Base Rate Modification Certificate.
- (b) Any such Base 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 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 (or, if there are no Notes outstanding, 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 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 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 the Certificateholders of each Class); 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 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 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 Certificates (not being the Notes and/or 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 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 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 Notes and/or Certificates (not being Notes and/or 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 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 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 Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the 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 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 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 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, with the exception of any interest previously deferred under this Condition 18.1 in respect of any Class E Notes or Class F Notes where such Class of Notes are 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, with the exception any interest previously deferred under this Condition 18.1 in respect of any Class E Notes or Class F Notes where such Class of Notes are 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

- (a) 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**").

- (b) 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:
  - (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 (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 (b)(i)(A) or (B) and (b)(ii) 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 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 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 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 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 Northern Irish Mortgage Loans and their Related Security will be construed in accordance with Northern Irish law and 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, any 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 CERTIFICATES

The following are the terms and conditions of the 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, or the "**Certificates**") and the holders thereof, the "**Certificateholders**") of RMAC No.3 PLC (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated on or about 18 September 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 Certificates (the "**Certificateholders**") (the "**Note Trustee**"). Any reference in these residual certificates terms and conditions (the "**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, the Class E Notes, the Class F Notes, the Class Z1 Notes or the Class Z2 Notes or in respect of the Certificates or the Certificateholders shall be a reference to the RC1 Residual Certificates or the RC1 Residual Certificates, as the case may be, or to the respective holders thereof. The security for the 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 Certificates.

The statements in these 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 Certificates Conditions shall bear the meanings given to them in the Incorporated Terms Memorandum available as described above.

#### 2.2 Interpretation

These 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 certificate in registered form (a "**Global Certificate**").

For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global 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 Certificates will be deposited with and registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg.

A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the "**Definitive Certificates**") 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 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 Certificates which would not be required were the relevant Certificates in definitive registered form.

If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.

Definitive Certificates will be serially numbered and will be issued in registered form only.

References to "**Certificates**" in these Certificates Conditions shall include the Global Certificates and the Definitive Certificates.

#### 3.2 Title

Title to the Global Certificates 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 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 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 Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Certificates may be transferred upon the surrender of the relevant Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Certificates are subject to any restrictions on transfer set out on the Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Certificate to be issued upon transfer of such Definitive Certificate will, within five Business Days of receipt and surrender of such Definitive 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 Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive 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 Certificates**

The Certificates constitute direct, secured and (subject to the limited recourse provision in 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 the holders of each Class of Certificates 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 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 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 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 Certificates Conditions or any of the Transaction Documents, the Issuer shall not, so long as any 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 Certificates:** purchase or otherwise acquire any 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;
- (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 RC2 Payment

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.

An RC2 Payment shall (to the extent the RC2 Payment for such date is determined in accordance with these 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 (u) 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 (r) 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.

### 6.2 Determination of RC2 Payment Amount

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.

### **6.3 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 Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with 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.

### **6.4 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 Certificates Condition 6.4, 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 Certificates Condition 6.4.

### **6.5 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 relevant Certificates shall be cancelled.

## **7. PAYMENTS**

### **7.1 Payment of RC2 Payment Amount**

Subject to the second paragraph of Certificates Condition 3.1 (*Form and Denomination*), payments of RC2 Payment Amount shall be made by credit or transfer to an account in sterling maintained by the payee.

### **7.2 Laws and Regulations**

Payments in respect of Certificates 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 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 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 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 in respect of the Certificates 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 the Certificates will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this 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 Certificates Condition 15 (*Notice to Certificateholders*).

### 10. EVENTS OF DEFAULT

#### 10.1 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 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 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 Certificates and the default continues for a period of five days from the due date for payment; or
- (a) if the Issuer fails to perform or observe any of its other obligations under the 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

- (b) 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
- (c) 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
- (d) 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
- (e) 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
- (f) 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 Certificates Condition 10.1 (*Certificates*), any RC2 Payments 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 Certificates or the Trust Deed (including these 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 Certificateholders or directed in writing by the holders of at least 25 per cent. in number of the RC2 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 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 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 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 Certificates (including RC2 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 Certificates (including, for the avoidance of doubt, RC2 Payment Amount) and the Issuer shall be deemed to be discharged from making any further payments in respect of the 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 Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.

12.2 For the purposes of these 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 Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class F 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 Certificates Conditions 12.3(b) and 12.3(c) below:
- (i) subject to 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 such Noteholders and all other Classes of Noteholders and the holders of all Classes of Certificates irrespective of the effect it has upon them;
  - (ii) subject to 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 such Class of Noteholders in the Post-Enforcement Priority of Payments in each case and (B) the holders of all Classes of Certificates, in each case irrespective of the effect it has upon them; and
  - (iii) no resolution of any Class of Noteholders or the Certificateholders shall take effect for any purpose while any 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 and, in the case of the Certificates, an Extraordinary Resolution of the holders of all Classes 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 and, in the case of the Certificates, the interests of all Classes of Notes).
- (b) Subject as provided in 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 holders of Certificates of only one Class, shall be deemed to have been duly passed if passed at a separate meeting (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 or Certificates so affected.
- (c) No Extraordinary Resolution of the holders of a Class or Classes of Notes or of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or 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 each Class

of Certificates then in issue, in each case only if such Class of Notes or Certificates are affected by such Basic Terms Modification.

## 12.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of a Class 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. of the Certificates of such Class then in issue (or, solely in relation to the Portfolio Call Option, one or more persons present and representing in the aggregate not less than 25 per cent. in number of the RC1 Residual Certificates then in issue).
- (b) Subject as provided below, the quorum at any meeting of a Class 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. of the Certificates of such Class then in issue (or, solely in relation to the Portfolio Call Option, one or more persons present and representing in the aggregate not less than 50 per cent. in number of the RC1 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 Class of 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 Certificates, except in accordance with Condition 13.6(c) and the Trust Deed in relation to any Base Rate Modification; (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 Certificates (including in relation to Class of Notes or Certificates, if any such modification is proposed for any Class of Notes ranking senior to such Class of Notes or the Certificates in the Priorities of Payments), except in accordance with Condition 13.6(c) and the Trust Deed in relation to any Base Rate Modification; (iv) alter the currency in which payments under any Class of Notes or 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 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 Certificates Conditions any of the Transaction Documents by any party thereto which would have the effect of any of the foregoing; (viii) 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 Certificates of such Class 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 relevant Class of Certificates (or, solely in relation to the Portfolio Call Option, one or more persons present and representing in the aggregate not less than 75 per cent. in number of the RC1 Residual Certificates then in issue).
- (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 the Certificates of that Class then in issue (or, solely in relation to the Portfolio Call Option, one or more persons present and



representing in the aggregate not less than 10 per cent. in number of the RC1 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 the Certificates of that Class then in issue (or, solely in relation to the Portfolio Call Option, one or more persons present and representing in the aggregate not less than 25 per cent. in number of the RC1 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. of the Certificates of that Class then in issue (or, solely in relation to the Portfolio Call Option, one or more persons present and representing in the aggregate not less than 75 per cent. in number of the RC1 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 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 any Class (or, if there are no Notes outstanding, the interests of the Certificateholders of any Class); or
- (b) to these 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 (or, if there are no Notes outstanding, 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 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 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 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 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 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 (or, if there are no Notes outstanding, the interests of the Certificateholders of each Class); 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 Certificates Condition 12.19 (*Issuer Substitution Condition*), the Note Trustee may (and may direct the Security Trustee to also agree), without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Certificates, these 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 Certificateholders or the other Secured Creditors.
- 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 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 (A) 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 (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 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 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 in respect of the holders of any of the Classes of Certificates:
- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the 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 the relevant Class of not less than a clear majority in number of the Certificates of the relevant Class 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 the relevant Class of not less than a clear majority in number of the Certificates of the relevant Class then in issue.

- 12.13 **"Extraordinary Resolution"** means in respect of the holders of any of the Classes of Certificates:
- (a) a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the Trust Deed and the 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 relevant Class of Certificateholders of not less than 75 per cent. in number of the holders of the relevant Class of 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 relevant Class of Certificateholders of not less than 75 per cent. in number of the holders of the relevant Class of 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 Certificates (not being the Notes and/or 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 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 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 Notes and/or Certificates (not being Notes and/or 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 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 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 Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the 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 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 Certificates so listed in accordance with the instructions referred to in 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 Certificates Condition 12 (Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution):

"**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 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 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 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 Certificates Condition 5 (*Issuer Covenants*) (the "**Issuer Substitution Condition**"). In the case of a substitution pursuant to this 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 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 CERTIFICATES

If any 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 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 Certificate must be surrendered before a new one will be issued.

### 15. NOTICE TO CERTIFICATEHOLDERS

#### 15.1 Publication of Notice

- (a) While the Certificates are represented by a Global 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) 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 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 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 CERTIFICATES**

If the Issuer Substitution Condition is satisfied, the Issuer may, without the consent of the Certificateholders, issue replacement certificates to replace the Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Certificates which they replace.

## **17. JURISDICTION AND GOVERNING LAW**

### **17.1 Jurisdiction**

- (a) Subject to 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 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 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 Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) This Certificates Condition 17.1 is for the benefit of the Note Trustee and Security Trustee only. As a result, and notwithstanding 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 Certificates and these 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 Northern Irish Mortgage Loans and their Related Security will be construed in accordance with Northern Irish law and 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, any 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 Certificates or these 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 principal and 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 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" or "principal" 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 ("**Deutsche Bank**") (a "**Joint Arranger**" and a "**Joint Lead Manager**"), Lloyds Bank Corporate Markets plc ("**Lloyds**", a "**Joint Arranger**" and a "**Joint Lead Manager**"), BofA Securities ("**BAML**" a "**Joint Lead Manager**"), Macquarie Bank Europe Designated Activity Company and Macquarie Bank Limited, London Branch (together, "**Macquarie**" and each a "**Joint Lead Manager**" and together with Deutsche Bank, Lloyds and BAML, the "**Joint Lead Managers**") 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) £288,167,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
  - (ii) £12,279,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
  - (iii) £3,273,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes;
  - (iv) £2,455,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes;
  - (v) £7,531,000 of the Class E Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class E Notes;
  - (vi) £3,110,000 of the Class F Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class F Notes;
  
- (b) in the case of the Seller:
  - (i) £15,167,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
  - (ii) £647,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
  - (iii) £173,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes;
  - (iv) £130,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes;
  - (v) £397,000 of the Class E Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class E Notes;
  - (vi) £164,000 of the Class F Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class F Notes;
  - (vii) £11,202,000 of the Class Z1 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class Z1 Notes; and

- (viii) £5,170,000 of the Class Z2 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class Z2 Notes,

respectively as at the Closing Date.

On the Closing Date, the Issuer will also issue the 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:

- (i) a retail client as defined in point (11) of Article 4(1) MiFID II; or
- (ii) 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
- (iii) 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 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 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 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 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:

- (a) 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;
- (b) 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
- (c) 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 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 Z1 Notes and the Class Z2 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 Z1 Notes and the Class Z2 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 Z1 Notes and the Class Z2 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 and 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 (iv) 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 Certificates and any subsequent transferee of the Notes and Certificates (which term for the purposes of this section will be deemed to include any interests in the Notes and Certificates, including Book-Entry Interests) will be deemed to have acknowledged, represented and agreed as follows:

- (a) if the purchaser purchased the Notes or 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 Certificate, or beneficial interest therein, for its own account and not with a view to distributing such Notes or Certificates and (3) is not acquiring such Note or 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 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

1. 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 18 September 2023.
2. The Issuer's LEI number is 213800Q495VJDFYUJW26.
3. 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 3 April 2023 (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).
4. 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.
5. 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.
6. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
7. Since 3 April 2023 (being the date of incorporation of each of the Issuer and Holdings), 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.
8. The issue of the Notes and the Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on 5 September 2023.
9. The Notes and the Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

<b>Class of Notes / Certificates</b>	<b>ISIN</b>	<b>Common Code</b>
Class A Notes	XS2666572693	266657269
Class B Notes	XS2666572776	266657277
Class C Notes	XS2666572933	266657293
Class D Notes	XS2666573071	266657307
Class E Notes	XS2666573154	266657315
Class F Notes	XS2666573238	266657323
Class Z1 Notes	XS2666573584	266657358
Class Z2 Notes	XS2666573667	266657366
RC1 Residual Certificates	XS2667564293	266756429
RC2 Residual Certificates	XS2667564616	266756461

10. The Notes and Certificates have the following CFIs and FISN codes:

<b>Class of Notes / Certificates</b>	<b>CFI</b>	<b>FISN</b>
Class A Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470212
Class B Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215
Class C Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215

<u>Class of Notes / Certificates</u>	<u>CFI</u>	<u>FISN</u>
Class D Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215
Class E Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215
Class F Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215
Class Z1 Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215
Class Z2 Notes	DBVXFR	RMAC NO.3 PLC/VARASST BKD 20470215
RC1 Residual Certificates	DMMXXR	RMAC NO.3 PLC/VARASST BKD 20470215
RC2 Residual Certificates	DMMXXR	RMAC NO.3 PLC/VARASST BKD 20470215

11. 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 the Trust Deed subject to the redaction of any sensitive personal information and, with the exception of paragraph (a) below) maybe 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;
- (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) the Share Trust Deed;
  - (xiv) the Scottish Declaration of Trust;
  - (xv) each Scottish Supplemental Charge;
  - (xvi) the Seller Power of Attorney;
  - (xvii) the Servicer Power of Attorney; and
  - (xviii) the Trust Deed.

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](http://www.euroabs.com) on or before the date of this Prospectus, accessible at <https://www.euroabs.com/IH.aspx?d=21216>. Copies of the Transaction Documents will be available on the website of [www.euroabs.com](http://www.euroabs.com) at <https://www.euroabs.com/IH.aspx?d=21217>. Information on the website of EuroABS does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

12. 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.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.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 February 2024 and provide the same to the Servicer for publishing via the UK Securitisation Repository (at <https://www.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.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 (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 "**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 February 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.secprep.co.uk>) and the EU Securitisation Repository (at <https://www.secprep.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.secprep.co.uk>) and (ii) the requirements of Article 7(2) of the EU Securitisation Regulation at the EU Securitisation Repository (<https://www.secprep.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 (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) 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.

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](http://www.euroabs.com).
13. In addition, the Issuer confirms that Paratus (as originator for the purposes of the UK Securitisation Regulation and the EU Securitisation Regulation) 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 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 12(b) and 12(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 12(b) and 12(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 12(i) and 12(ii) 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 is in each case authorised by the Issuer to) make the information referred to in paragraph 12 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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