

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 attached to this electronic transmission, 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 OF SECURITIES OF THE ISSUER FOR SALE 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 UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES 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 SUCH REGISTRATION REQUIREMENTS. 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. 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.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

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 the Issuer, nor the Arranger, nor the Joint Lead Managers, nor the Transaction Parties or any person who controls any such person or 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 the Issuer, Citigroup Global Markets Limited, Barclays Bank PLC or J.P. Morgan Securities Ltd.

PROSPECTUS DATED 27 APRIL 2012
KENRICK NO. 1 PLC

(incorporated in England and Wales with limited liability under registered number 7565238)

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate	Initial Margin/Step-Up Margin	Step-Up Date	Optional Call Date	Pre-Call Date / Post-Call Date Redemption Profile	Final Maturity Date	Ratings (Fitch/Moody's)
Class A1	GBP 164,500,000	100%	3 month sterling LIBOR	1.80% per annum/ 3.60% per annum	April 2017	April 2017	Pass through amortisation	Jan 2043	AAAsf/ Aaa(sf)
Class A2	GBP 122,000,000	100%	3 month sterling LIBOR	2.15% per annum/ 4.30% per annum	April 2017	April 2017	Pass through amortisation	Jan 2043	AAAsf/ Aaa(sf)
Class B	GBP 52,600,000	100%	3 month sterling LIBOR	0.20 % per annum/N/A	N/A	April 2017	Pass through amortisation	Jan 2043	Not Rated

Issue Date	The Issuer expects to issue the Notes in the classes set out above on 30 April 2012 (the " Closing Date ").
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and revenue received from a portfolio comprising mortgage loans originated by West Bromwich Building Society and secured over residential properties located in England and Wales (the " Mortgage Portfolio ") in which the Issuer will acquire a 99 per cent. beneficial interest on the Closing Date. Please refer to the Section entitled " <i>The Mortgage Portfolio</i> " for further information.
Stand alone/programme issuance	Stand alone issuance.
Credit Enhancement	<u>Credit Enhancement Features</u> <ul style="list-style-type: none"> • Subordination of Class B Notes.* • General Reserve Fund. • Excess Available Issuer Revenue.** <p>* Including use of excess Available Issuer Revenue (on and following the Step-Up Date) to make principal payments on the Class A Notes prior to payment of Class B interest.</p> <p>** Including use of excess Available Issuer Revenue (prior to the Step-Up Date) to make principal payments on the Class A Notes prior to payment of Deferred Consideration.</p> <p>See the section entitled "<i>Key Structural Features</i>" for more information on which credit enhancement features are available for each class of Notes.</p>
Liquidity Support	<u>Liquidity Support Features for the Class A Notes</u> <ul style="list-style-type: none"> • General Reserve Fund applied to make up Revenue Shortfall. • Available Issuer Principal applied to make up Remaining Revenue Shortfall. <p>See the section entitled "<i>Key Structural Features</i>" for more information.</p>
Redemption Provisions	Information on any optional or mandatory redemption of the Notes is summarised on page 41 (<i>Overview of the Terms and Conditions of the Notes</i>) and set out in full in Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i>).
Credit Rating Agencies	Fitch Ratings Limited (" Fitch ") and Moody's Investors Service Limited (" Moody's ") and together with Fitch, the " Rating Agencies ". Each of the Rating Agencies is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended, of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the " CRA Regulation "). Please refer to the section entitled " <i>Certain Regulatory Disclosures – Credit Rating Agency Regulation</i> " for further information. 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 CRA Regulations.
Credit Ratings	Ratings are expected to be assigned to the Notes as set out above on or before the Closing Date. The ratings assigned by Fitch address the likelihood of: (a) timely payment of interest due to the Noteholders on each Interest Payment Date; and (b) full payment of principal due to Noteholders by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the sub-class of Notes held by the Noteholder by the Final Maturity Date. The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be revised or withdrawn at any time.

Listing	This document comprises a prospectus (the " Prospectus "), for the purpose of Directive 2003/71/EC (the " Prospectus Directive "). An application has been made to the Financial Services Authority (the " FSA ") as competent authority under the Prospectus Directive in order for the Prospectus to be approved. Applications have been made for the Notes to be admitted to listing on the official list of the UK Listing Authority (the " Official List ") and to trading on the regulated market of the London Stock Exchange plc (the " Regulated Market "). The Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the " Markets in Financial Instruments Directive ").
Obligations	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of West Bromwich Building Society, its affiliates or any other party, other than the Issuer, named in the Prospectus.
Definitions	Please refer to the section entitled " <i>Glossary of Defined Terms</i> " for definitions of defined terms.
Retention Undertaking	The Originator will retain a material net economic interest of at least 5% in the securitisation in accordance with Article 122a of Directive 2006/48/EC (as amended by Directive 2009/111/EC) referred to as the Capital Markets Directive (the " CRD2 "). As at the Closing Date, such interest will be comprised of an interest in the first loss tranche. Any change to the manner in which such interest is held will be notified to investors. In addition to the information set out herein and forming part of the Prospectus, the Originator has undertaken to make available the information as set out in " <i>Certain Regulatory Disclosures – Article 122a of the Capital Requirements Directive</i> ". Please refer to the Section entitled " <i>Certain Regulatory Disclosures -Article 122a of the Capital Requirements Directive</i> " for further information.
Significant Investor	West Bromwich Building Society will on the Closing Date purchase Class A Notes in an aggregate amount equal to £111,500,000. West Bromwich Building Society will enter into a pre-agreed securities lending transaction with J.P. Morgan Securities Ltd. (or one of its affiliates) in respect of not less than £111,500,000 of the Class A Notes that West Bromwich Building Society will purchase on the Closing Date (the " Securities Lending Transaction "). J.P. Morgan Securities Ltd. (or one of its affiliates), in its capacity as securities lending counterparty with respect to the Class A Notes held by it pursuant to the Securities Lending Transaction, may exercise voting rights in respect of the Class A Notes held by it in a manner that may be prejudicial to other Noteholders.

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 WITHIN THAT SECTION.

Sole Arranger

Citigroup

Joint Lead Managers

Barclays

Citigroup

J.P. Morgan

The date of this Prospectus is 27 April 2012

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, ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR THE ARRANGER OR ANY JOINT LEAD MANAGER. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY THE ARRANGER, ANY JOINT LEAD MANAGER OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE ARRANGER, ANY JOINT LEAD MANAGER OR ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).

YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER "**RISK FACTORS**" BEGINNING ON PAGE 8 IN THIS PROSPECTUS BEFORE YOU PURCHASE ANY NOTES.

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 ARRANGER, THE JOINT LEAD MANAGERS OR ANY OF THE TRANSACTION PARTIES 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 DIRECTIVE BY THE FSA, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES 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 ARRANGER AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION. THE NOTES 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 SUCH REGISTRATION REQUIREMENTS. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "*DESCRIPTION OF THE NOTES IN GLOBAL FORM*" AND "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE NOTES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER AS DESCRIBED HEREIN. EACH INITIAL PURCHASER AND SUBSEQUENT TRANSFEREE OF THE NOTES WILL BE DEEMED, BY ITS ACQUISITION OR HOLDING OF SUCH NOTES, TO HAVE MADE THE REPRESENTATIONS SET FORTH IN THE PROSPECTUS (IN THE SECTION ENTITLED "TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS"). ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER ATTEMPTED TRANSFER, OF NOTES WHICH IS NOT MADE IN COMPLIANCE WITH THE APPLICABLE TRANSFER RESTRICTIONS WILL BE VOID. THE NOTES WILL ALSO BEAR RESTRICTIVE LEGENDS.

NONE OF THE ISSUER, THE ARRANGER OR THE JOINT LEAD MANAGERS 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 INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS AND DECLARES THAT, HAVING TAKEN ALL REASONABLE CARE TO ENSURE SUCH IS THE CASE, THE INFORMATION IN THIS PROSPECTUS, TO THE BEST OF ITS KNOWLEDGE, IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSION LIKELY TO AFFECT ITS IMPORT. 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.

WEST BROMWICH BUILDING SOCIETY ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*WEST BROMWICH BUILDING SOCIETY*" AND "*THE MORTGAGE ADMINISTRATOR AND THE MORTGAGE ADMINISTRATION AGREEMENT*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF WEST BROMWICH BUILDING SOCIETY (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), 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 WEST BROMWICH BUILDING SOCIETY 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.

BARCLAYS BANK PLC ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE SWAP PROVIDERS*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF BARCLAYS BANK PLC (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), 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 BARCLAYS BANK PLC 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.

CROWN MORTGAGE MANAGEMENT LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE BACK-UP MORTGAGE ADMINISTRATOR*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF CROWN MORTGAGE MANAGEMENT LIMITED (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), 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 CROWN MORTGAGE MANAGEMENT LIMITED 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.

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 ANY OF THE TRANSACTION PARTIES 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 OR THE ORIGINATOR OR 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 ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS OR ANY PART THEREOF, OR ANY OTHER INFORMATION PROVIDED BY THE ISSUER IN CONNECTION WITH THE NOTES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NONE OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE UNDERTAKES OR SHALL UNDERTAKE TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER OR TO ADVISE ANY INVESTOR OR POTENTIAL INVESTOR IN THE NOTES OF ANY INFORMATION COMING TO THE ATTENTION OF THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE. 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.

THE DELIVERY OF THIS PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO ITS DATE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE ORIGINATOR, THE ARRANGER, THE JOINT LEAD MANAGERS 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.

THIS PROSPECTUS IS PERSONAL TO THE OFFEREE WHO RECEIVED IT FROM THE ARRANGER OR THE JOINT LEAD MANAGERS AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON TO PURCHASE ANY NOTES.

PROSPECTIVE PURCHASERS OF THE NOTES MUST BE ABLE TO HOLD THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. ANY INVESTMENT IN THE NOTES IS ONLY SUITABLE FOR INVESTORS EXPERIENCED IN FINANCIAL MATTERS WHO ARE IN A POSITION TO FULLY ASSESS RISKS RELATING TO SUCH INVESTMENT AND HAVE SUFFICIENT FINANCIAL MEANS TO SUFFER ANY POTENTIAL LOSS STEMMING THEREFROM.

THIS PROSPECTUS IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT OR OTHER ADVICE TO ANY PROSPECTIVE PURCHASER OF THE NOTES.

THIS PROSPECTUS SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT AND OTHER ADVISORS. PROSPECTIVE PURCHASERS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

In this Prospectus all references to "**Member State**" are references to a Member State of the European Economic Area and references to "**Pounds**", "**Sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom.

Forward-Looking Statements

Some of the statements contained in this Prospectus consist of forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking terminology, such as the words "believes", "expects", "may", "intends",

"should" or "anticipates" or the negative or other variations of those terms. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of the Notes, West Bromwich Building Society or the United Kingdom residential mortgage industry to differ materially from any future results or performance expressed or implied in the forward-looking statements. These risks, uncertainties and other factors include, among others general economic and business conditions in the United Kingdom, currency exchange and interest rate fluctuations, government, statutory, regulatory or administrative initiatives affecting West Bromwich Building Society or the business carried on by it, changes in business strategy, lending practices or customer relationships and other factors that may be referred to in this Prospectus. Some of the most significant of these risks, uncertainties and other factors are discussed in this Prospectus under the section entitled "Risk Factors", and you are encouraged to carefully consider those factors prior to making an investment decision in relation to the Notes.

Disclosure of Interests

In addition to the interests described in this Prospectus, each of the Arranger, the Joint Lead Managers and their respective related entities, associates, officers or employees (each a "**Relevant Entity**"):

- (a) may from time to time be a Noteholder or have other interests with respect to the Notes and they may also have interests relating to other arrangements with respect to a Noteholder or a Note;
- (b) may receive fees, brokerage and commissions or other benefits, and act as principal with respect to any dealing with respect to any Notes; and
- (c) may be involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) each Relevant Entity in the course of its business (including in respect of interests described above) may act independently of any other Relevant Entity or Transaction Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Relevant Entity in respect of the Notes are limited to the relevant contractual obligations set out in the Transaction Documents and, in particular, no advisory or fiduciary duty is owed to any person;
- (iii) a Relevant Entity may have or come into possession of information not contained in this Prospectus that may be relevant to any decision by a potential investor to acquire the Notes and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (iv) to the maximum extent permitted by applicable law, no Relevant Entity is under any obligation to disclose any Relevant Information to any other Relevant Entity, to any Transaction Party or to any potential investor and this Prospectus and any subsequent conduct by a Relevant Entity should not be construed as implying that the Relevant Entity is not in possession of Relevant Information; and
- (v) each Relevant Entity may have various potential and actual conflicts of interest arising in the ordinary course of its business, including in respect of the interests described above. For example, a Relevant Entity's dealings with respect to the Notes, the Issuer or a Transaction Party may affect the value of the Notes. These interests may conflict with the interests of a Noteholder, and that Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Relevant Entity is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents or the interests described above and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, and the Relevant Entities may in so doing act without notice to, and without regard to, the interests of the Noteholders or any other person.

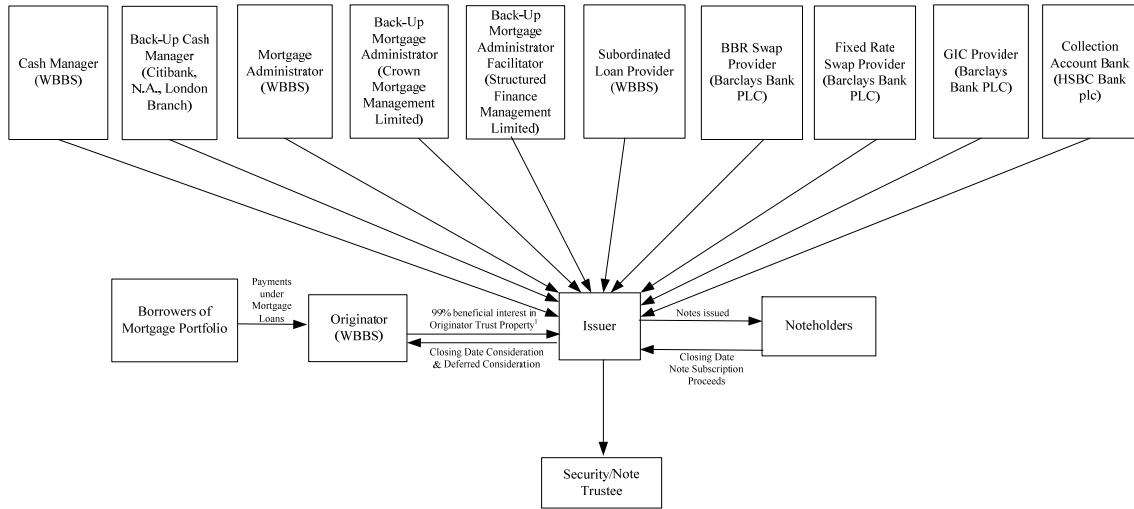
Stabilisation

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over allot such Notes (provided that the aggregate principal amount of such Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the price of such Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date of the relevant Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

CONTENTS

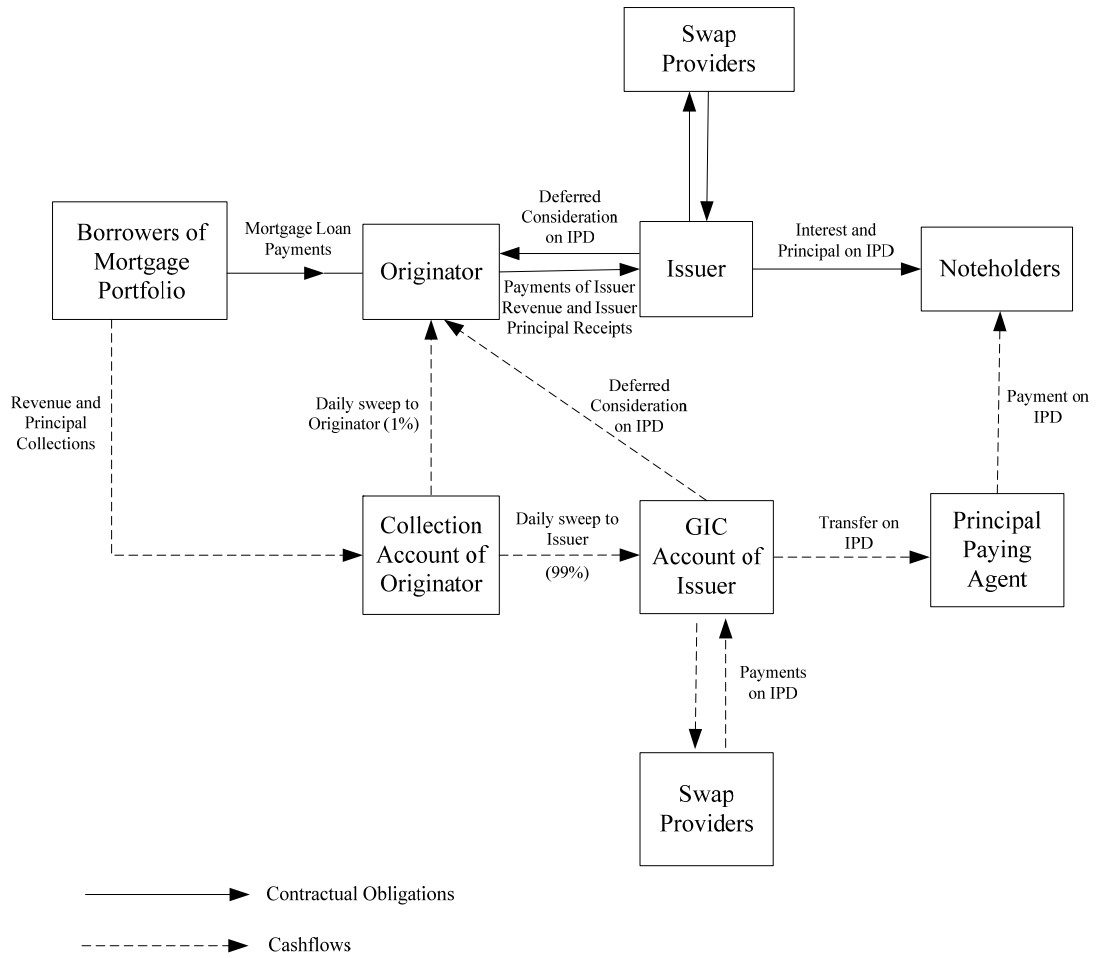
	Page
Diagrammatic Overview of the Transaction.....	1
Diagrammatic Overview of On-going Cash Flow	2
Diagrammatic Overview of the Ownership Structure	3
Transaction Parties	4
Risk Factors	8
Transaction Overview	35
Full Capital Structure of the Notes	39
Overview of the Terms and Conditions of the Notes	41
Overview of Rights of Noteholders.....	45
Overview of Credit Structure and Cashflow	47
Summary of Credit Structure and Cashflow.....	48
Overview of the Mortgage Portfolio	56
Triggers Tables.....	60
Certain Regulatory Disclosures.....	65
Weighted Average Life of the Notes.....	66
Use of Proceeds	68
Issuer	69
Holdings	71
West Bromwich Building Society	73
The Mortgage Portfolio	75
The Originator Trust.....	82
Statistical Information on the Provisional Mortgage Portfolio.....	88
The Mortgage Administrator and the Mortgage Administration Agreement	101
The Swap Providers.....	108
The Back-Up Mortgage Administrator.....	109
Key Structural Features	110
Cashflows and Cash Management.....	119
Description of the Notes in Global Form	128
Terms and Conditions of the Notes	132
Tax Treatment on the Notes	168
Subscription and Sale	170
Transfer Restrictions and Investor Representations	172
Listing and General Information	174
Glossary of Defined Terms	176
Index of Defined Terms.....	199

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

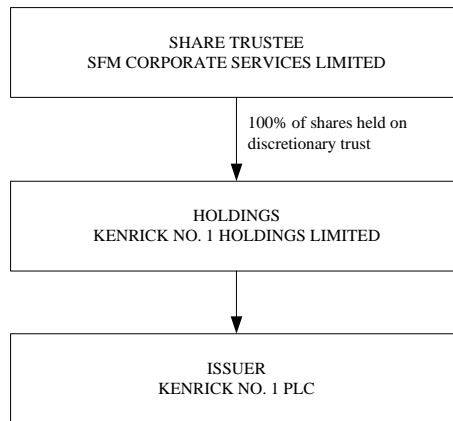


¹ WBBS as Originator Beneficiary will hold a 1% beneficial interest in the Originator Trust Property

DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOW



DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE



The above diagram illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- The entire issued share capital of the Issuer is beneficially owned by Holdings.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary trust.

TRANSACTION PARTIES

Party	Name	Address	Document under which appointed/Further information
Issuer	Kenrick No.1 plc	35 Great St. Helen's, London EC3A 6AP	See the sections entitled " <i>Diagrammatic overview of the ownership structure</i> " and " <i>Issuer</i> " for further information
Originator	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	See the section entitled " <i>West Bromwich Building Society</i> " for further information
Originator Beneficiary	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Originator Trust Deed See the section entitled " <i>The Originator Trust</i> " for further information
Originator Trustee	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Originator Trust Deed See the section entitled " <i>The Originator Trust</i> " for further information
Mortgage Administrator	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Mortgage Administration Agreement See the section entitled " <i>The Mortgage Administrator and the Mortgage Administration Agreement</i> " and " <i>The Back-Up Mortgage Administrator</i> " for further information

Back-Up Mortgage Administrator	Crown Mortgage Management Limited	Crown House, Crown Street, Ipswich, Suffolk IP1 3HS	Back-Up Mortgage Administration Agreement See the sections entitled " <i>The Mortgage Administrator and the Mortgage Administration Agreement</i> " and " <i>The Back-Up Mortgage Administrator</i> " for further information
Back-Up Mortgage Administrator Facilitator	Structured Finance Management Limited	35 Great St. Helen's, London EC3A 6AP	Mortgage Administration Agreement See the section entitled " <i>The Mortgage Administrator and the Mortgage Administration Agreement</i> " for further information
Cash Manager	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Cash Management Agreement See the section entitled " <i>Cashflows and Cash Management</i> " and " <i>Key Structural Features – Cash Manager</i> " for further information
Back-Up Cash Manager	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Back-Up Cash Management Agreement See the section entitled " <i>Key Structural Features – Back-Up Cash Manager</i> " for further information
Subordinated Loan Provider	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Subordinated Loan Agreement See the section entitled " <i>Key Structural Features – Subordinated Loan</i> " for further

			information
BBR Swap Provider	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	BBR Swap Agreement See the sections entitled " <i>Key Structural Features – Swap Agreements</i> " and " <i>The Swap Providers</i> " for further information.
Fixed Rate Swap Provider	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Fixed Rate Swap Agreement See the sections entitled " <i>Key Structural Features – Swap Agreements</i> " and " <i>The Swap Providers</i> " for further information.
GIC Provider	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	GIC Account Agreement See the sections entitled " <i>Key Structural Features – GIC Account</i> " for further information.
Collection Account Bank	HSBC Bank PLC	8 Canada Square, Canary Wharf, London E14 5HQ	N/A
Trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Trust Deed and Deed of Charge See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
Principal Paying Agent	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Services Agreement See the section entitled " <i>Issuer</i> " for further information

Arranger	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	N/A
Joint Lead Manager	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
Joint Lead Manager	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
Joint Lead Manager	J.P. Morgan Securities Ltd.	125 London Wall London EC2Y 5AJ	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
Holdings	Kenrick No.1 Holdings Limited	35 Great St. Helen's, London, EC3A 6AP	See the sections entitled " <i>Diagrammatic Overview of the Ownership Structure</i> " and " <i>Holdings</i> " for further information
Share Trustee	SFM Corporate Services Limited	35 Great St. Helen's, London, EC3A 6AP	See the section entitled " <i>Diagrammatic Overview of the Ownership Structure</i> "

RISK FACTORS

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and in the Issuer. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

The Issuer believes that the risks described below are the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision. Prospective Noteholders should read the sections of this Prospectus entitled "*Transaction Overview*" to "*Triggers Tables*" (inclusive) before reading and considering the risks described below.

Credit Structure

Notes obligations of Issuer only

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer), the Arranger or any of the Joint Lead Managers and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

Limited source of funds

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on receipts from the Mortgage Loans in the Mortgage Portfolio which are designated as Available Issuer Revenue and Available Issuer Principal, receipts under the Swap Agreements, amounts standing to the credit of the GIC Account and interest earned on such accounts and any Authorised Investments. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or pari passu with, the Notes under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, in accordance with the applicable Payments Priorities. The Issuer will have no recourse to the Originator, save in certain limited circumstances as provided in the Originator Trust Deed (see further the section entitled "*The Originator Trust – reacquisition of beneficial interest in the Mortgage Loans by the Originator*").

No additional sources of funds after Step-Up Date

As of the Step-Up Date, the Relevant Margin on the Class A Notes will be increased. There will, however, be no additional receipts or other sources of funds available to the Issuer as of the Step-Up Date, nor is it expected that any of the sources of income available to the Issuer prior to the Step-Up Date will be increased.

Limited recourse

The Notes will be limited recourse obligations of the Issuer. If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each class are due and payable; or
 - (ii) the service of an Enforcement Notice; and
- (b) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes and other amounts payable by the Issuer to Transaction Parties in accordance with the applicable Payments Priorities,

the proceeds of such Realisation are insufficient, after the same have been allocated as Available Issuer Principal and Available Issuer Revenue or as Post Enforcement Issuer Amounts (as applicable), to pay in full all claims ranking in priority to the Notes in accordance with the applicable Payments Priorities and all amounts then due and payable under any class of Notes, then the amount remaining to be paid (after application in full of the amounts referred to in (b) above) in respect of such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer. "**Realisation**" is defined in Condition 10 (Limited Recourse). For the avoidance of doubt, the Originator has an economic interest in the Mortgage Portfolio and is entitled to payments of Deferred Consideration out of Available Issuer Revenue in accordance with the applicable Payments Priorities and where amounts representing Deferred Consideration have been passed to the Originator such amounts will not be available to the Issuer to make subsequent payments to the Noteholders (as described more fully in the section entitled "*Cashflows and Cash Management*").

Deferral of interest payments on the Class B Notes

If, on any Interest Payment Date other than the Final Maturity Date, the Issuer has insufficient funds to make payment in full of all Interest Amounts (including any Additional Interest) on the Class B Notes, after having paid or provided for items of higher priority in the Pre-Enforcement Payments Priorities, then the amount of the shortfall shall not be due and payable and the Issuer will be entitled under Condition 8.11 (*Interest Deferred*) to defer payment of that shortfall amount until the following Interest Payment Date.

The deferral of Interest Amounts on the Class B Notes will not constitute an Event of Default. To the extent that there are insufficient funds available to the Issuer on the following Interest Payment Date to pay such deferred Interest Amounts and/or Additional Interest, the deferral of such amounts will continue until the Final Maturity Date or such earlier date as the Class B Notes are redeemed in full or the date on which amounts cease to be payable by the Issuer in accordance with Condition 10 (*Limited Recourse*).

Payments of Interest Amounts on the Class A Notes cannot be deferred and, if such amounts remain unpaid 15 days after the relevant due date, this will constitute an Event of Default.

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Mortgage Administrator, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the Mortgage Loans and their Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Key Structural Features - Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Liquidity risk

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 after the end of the relevant Calculation Period. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled "*Key Structural Features - Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such alternative sources of liquidity, or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

Subordination of interest and principal payments on the Class B Notes

The Class B Notes are subordinated as to payment of interest and principal to the Class A Notes, as set out in "Key Structural Features". However, there is no assurance that these subordination provisions will protect the holders of Class A Notes from any or all risk of loss.

Subordination of principal payments on the Class A2 Notes prior to the service of an Enforcement Notice

Prior to the service of an Enforcement Notice, the Class A2 Notes are subordinated as to payment of principal to the Class A1 Notes, as set out in "Key Structural Features". However, there is no assurance that these subordination provisions will protect the holders of Class A1 Notes from any or all risk of loss.

Holders of the Class A2 Notes should note that whilst the Class A1 Notes are outstanding, only holders of the Class A1 Notes may require the Trustee to serve an Enforcement Notice.

Interest rate risk

The Issuer is subject to:

- the risk of a mismatch: (i) between the fixed rates of interest payable on the Fixed Rate Loans and the variable interest rate payable in respect of the Notes; and (ii) between the rates of interest payable on the Tracker Rate Loans and the Discounted Tracker Rate Loans and the interest rate payable on the Notes as a result of the interest rate payable on Tracker Rate Loans and the Discounted Tracker Rate Loans respectively being determined on different bases to the interest rate payable on the Notes, which risks are mitigated (but not obviated) by the Swap Transactions;
- the risk of a mismatch between the Variable Rate Loans and the Discounted Variable Rate Loans and the interest rate payable on the Notes as a result of the interest rate on the Variable Rate Loans and Discounted Variable Rate Loans being determined on different bases to the interest rate payable on the Notes. The Issuer has not entered into any hedging transaction to mitigate this risk; and
- the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes. This risk is mitigated (but not obviated) by the GIC Account, which pays interest at a rate which is set at a fixed margin by reference to LIBOR on funds standing to the credit thereof.

Swap termination payments

In the event that any Swap Provider does not pay any amount payable under a Swap Agreement when due, available funds of the Issuer may be less than would otherwise be the case and this could result in reduced payments to Noteholders.

If a Swap Agreement terminates, the Issuer may be obliged to pay a termination payment to the relevant Swap Provider. The amount of such termination payment will be based on the replacement value of the relevant Swap Agreement. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment under the relevant Swap Agreement or that the Issuer, following termination of a Swap Agreement, will have sufficient funds to make subsequent payments to the Noteholders in respect of the relevant class of Notes.

Except where a Swap Provider has caused the relevant Swap Agreement to terminate by its default or pursuant to a Swap Provider Downgrade Event, any termination payment in respect of a Swap Agreement due from the Issuer will rank in priority to payments of interest due on the Notes. Therefore, if the Issuer is obliged to make a termination payment to a Swap Provider or to pay any other additional amount as a result of the termination of a Swap Agreement, this may reduce or otherwise adversely affect the amount of funds which the Issuer has available to make payments on the Notes of any class.

If a Swap Agreement terminates, there can be no assurance that the Issuer will be able to enter into a replacement swap, or if a replacement swap is entered into, there can be no assurance that the credit rating of the replacement swap provider will be sufficiently high to prevent a downgrading of the then current ratings of one or more classes of the Notes by the Rating Agencies. Investors should also note that the Swap Agreements may terminate upon the repayment in full of the Class A Notes. If this termination occurs prior to the Final

Maturity Date for the Class A Notes, it may result in a termination payment being owed by the Issuer to the Swap Provider.

Insolvency of Swap Providers

In the event of the insolvency of a Swap Provider, the Issuer will be treated as a general creditor of that Swap Provider. Consequently, the Issuer is subject to the credit risk of the Swap Providers. To mitigate this risk, under the terms of the Swap Agreements, in the event that the relevant ratings of a Swap Provider fail to meet the relevant required ratings, such Swap Provider will, in accordance with the terms of such Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the relevant Swap Agreement (at its own cost) which may include providing collateral for its obligations under such Swap Agreement, arranging for its obligations under such Swap Agreement to be transferred to an entity with the relevant required ratings or procuring another entity with the required ratings to become guarantor in respect of its obligations under such Swap Agreement. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to any Swap Provider or another entity with the required ratings will be available to become a replacement swap provider or guarantor.

Payments Priorities

The Available Issuer Revenue, the Available Issuer Principal and the Post Enforcement Issuer Amounts shall be applied by the Cash Manager (on behalf of the Issuer) in accordance with the relevant Payments Priorities (which set out the priority in which Secured Creditors will be paid). Certain fees, costs and expenses and other liabilities of the Issuer will rank ahead of payments to the Noteholders in accordance with the relevant Payments Priorities.

The validity of contractual priorities of payments such as those contemplated in this transaction has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap provider) and have considered whether such payment priorities breach the "anti deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc [2011] UKSC 38* unanimously upheld the decision of the Court of Appeal in dismissing this argument and upholding the validity of the relevant payments priorities, stating that, provided that such provisions form part of a commercial transaction entered into in good faith which does not have, as its predominant purpose or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s ("**LBSF**") motion for summary judgement on the basis that the effect was that the provisions infringed the anti deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". In New York, whilst leave to appeal was granted, the case was settled before an appeal was heard. Therefore concerns still remain that the English and U.S. courts will diverge from each other in their approach which, in the case of an unfavourable decision in New York, may adversely affect the Issuer's ability to make payments on the Notes. There remains the issue whether in respect of foreign insolvency proceedings relating to a creditor located in a foreign jurisdiction, an English court will exercise its discretion to recognise the effects of the foreign insolvency proceedings, whether under the Cross Border Insolvency Regulations 2006 or any similar common law principles. Given the current state of U.S. law, this is likely to be an area of continued judicial focus in respect of multi jurisdictional insolvencies.

It should be noted that on 8 February 2012, Belmont Park Investments PTY Limited and others, commenced proceedings in the U.S. Bankruptcy Court in relation to Lehman Brothers Special Financing Inc. seeking an order recognising and enforcing the English judgment on noteholder priority. Declaratory relief, that the noteholder priority is valid and that the collateral can be distributed accordingly and without liability to the trustee, is also being sought. Those proceedings remain pending and are subject to a request to be transferred to the District Court. This is an aspect of cross border insolvency law which remains untested. So, whilst the priority issue is considered largely resolved in England and Wales, concerns still remain where the English and U.S. courts have hitherto diverged and may continue to diverge in their approach. The divergence in approach will be at the heart of the pending proceedings. Please note that the Transaction Parties are not directly

involved in the case referred to above. It should be noted that if the approach of the U.S. Bankruptcy Court differs from the English courts and finds that the payment priorities in such case breaches the anti deprivation principle, this may adversely affect the Issuer's ability to make payments on the Notes in accordance with the Transaction Documents if a secured creditor of the Issuer that is subject to U.S. Insolvency Proceedings, becomes insolvent.

Moody's rating of UK banks and building societies

Moody's consider that, since September 2008, the UK banking system and the UK mutual sector has benefitted from extraordinary support provided by both the UK government and the Bank of England and that these support assumptions were factored into its debt and deposit ratings. Due to the systemic nature of the crisis, whereby the failure of any bank or building society had implications for the overall system, Moody's increased its assumptions for the probability of the provision of government support for a number of UK institutions during the crisis.

In March 2010 Moody's announced that, as the financial sector emerges from the crisis, its assessment of the probability of the UK government and the Bank of England providing support will revert back to a case-by-case base assessment of the impact of each bank or building society's hypothetical failure on financial stability. In March 2010 Moody's expected gradually to reduce the extraordinary support assumption factored into its debt and deposit ratings for the relevant UK institutions and return to its lower pre-crisis support assumptions for such UK institutions. Moody's have stated that how and when it reduces the support assumptions will depend upon a number of factors, including the importance of the bank or building society and the pace of the recovery of the UK economy.

In December 2010 Moody's announced that they expected to reduce the level of support incorporated in senior debt ratings over the next one to two years from the date of that announcement. As such, there can be no assurance for investors as to the timeframe or impact of any reduction by Moody's to these support assumptions.

WBBS has chosen to stop participating in the rating process and, in February 2012, Fitch affirmed and withdrew its rating of WBBS. Moody's, at its discretion, may continue to provide a non-participating rating in respect of WBBS. WBBS is appointed as Cash Manager, Mortgage Administrator and Subordinated Loan Provider and the downgrade of WBBS's non-participating ratings may adversely affect the ratings of the Notes.

The Issuer has mitigated the risk of certain transaction counterparties being downgraded through the downgrade provisions in the Transaction Documents (see the section entitled "*Triggers Tables*") and, in the case of WBBS's appointments as Cash Manager and the Mortgage Administrator, by the appointment of the Back-Up Cash Manager, the Back-Up Mortgage Administrator and the Back-Up Mortgage Administrator Facilitator respectively (see the sections entitled "*Risk Factors – Mortgage Administration and Third Party Risk and Third Party Credit Risk*", "*Key Structural Features – Credit Enhancement and Liquidity Support – Back-Up Cash Manager*" and "*The Mortgage Administrator and the Mortgage Administration Agreement – Back-Up Mortgage Administrator and Back-Up Mortgage Administrator Facilitator*" for further information).

Yield and prepayment considerations

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Mortgage Loan and reacquisitions due to breaches of the Originator Asset Warranties or due to making Further Advances or Product Switches made in breach of the Product Switch Conditions) on the Mortgage Loans and the price paid by the holders of the Notes of each such class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, 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 Originator and in other cases the consent of the Originator), a Borrower may "overpay" or prepay principal on any day in specified circumstances. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. See also the section entitled "*The Mortgage Portfolio*".

On any Interest Payment Date from and including the Step-Up Date or on any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Notes is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of all the Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Notes. In addition, on any Interest Payment Date the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer or a Swap Provider being required to make a Tax Deduction in respect of any payment in respect of the Notes or the relevant Swap Agreement, respectively or the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the Issuer Profit Amount retained during that accounting period. See Condition 9.4 (*Optional Redemption in whole for taxation reasons*) for further information.

Implications of Income and Principal Deficiencies

If, on any Interest Payment Date, as a result of shortfalls in Available Issuer Revenue relative to interest due on the Class A Notes, amounts ranking in priority to the payment of interest on the Class A Notes and amounts necessary to eliminate any debit balances on the Class A Principal Deficiency Sub-Ledger, there is a Revenue Shortfall, then the Issuer may apply the General Reserve Fund to make up such Revenue Shortfall. If following application of the General Reserve Fund, there is a Remaining Revenue Shortfall, then the Issuer may apply Available Issuer Principal (if any) to make up such Remaining Revenue Shortfall. In this event, the consequences set out in the following paragraph may result.

Application, as described above, of any Available Issuer Principal to meet any Remaining Revenue Shortfall will be recorded first on the Class B Principal Deficiency Sub-Ledger until the balance of the Class B Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, principal deficiencies (whether resulting from use of Available Issuer Principal to meet one or more Remaining Revenue Shortfalls, or otherwise) will be recouped from Available Issuer Revenue and, other than in respect of the Class B Notes, amounts standing to the credit of the General Reserve Fund. Available Issuer Revenue will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Payments Priorities, to credit first the Class A Principal Deficiency Sub-Ledger and second (after, for so long as the Class A Notes remain outstanding, crediting the General Reserve Fund up to the General Reserve Fund Required Amount) to credit the Class B Principal Deficiency Sub-Ledger. In the event of a Revenue Shortfall, amounts standing to the credit of the General Reserve Fund will be applied, after meeting prior ranking obligations, to credit the Class A Principal Deficiency Sub-Ledger.

However, if notwithstanding the credit and liquidity enhancement features described above there are insufficient funds available as a result of income and/or principal deficiencies, then one or more of the following consequences may ensue:

- the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- there may be insufficient funds to repay the Notes on or prior to the Final Maturity Date of the Notes.

Ratings of the Notes

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any one or more of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be lowered or withdrawn. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact the market value of the Notes.

Credit rating agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the 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 specified Rating Agencies only. The Class B Notes will not be rated by the Rating Agencies.

Ratings confirmation in relation to the Notes in respect of certain actions

The terms of certain Transaction Documents require the Rating Agencies to confirm that certain action proposed to be taken by the Issuer and the Trustee will not have an adverse effect on the then current rating of the Notes (a "**Ratings Confirmation**").

A Ratings Confirmation that any action proposed to be taken by the Issuer or the Trustee will not have an adverse effect on the then current rating of the 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. While each of the Secured Creditors (including the Noteholders), the Issuer or the Trustee (as applicable) are entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the relevant class of 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), the Issuer, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders), the Issuer, the Trustee or any other person whether by way of contract or otherwise.

Any such Ratings Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information required to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Ratings Confirmation in the time available or at all, and the Rating Agency is likely to state that it is not responsible for the consequences thereof. A Ratings 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 Ratings Confirmation represents only a restatement of the then current rating of the Notes and cannot be construed as advice for the benefit of any parties to the transaction.

The Rating Agencies have indicated that they will no longer provide Ratings Confirmations as a matter of policy. To the extent that a Ratings 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.

Absence of secondary market for the Notes

There is not, at present, any active and/or liquid secondary market for any class of Notes. There can be no assurance that a secondary market for the Notes will develop or, if it does develop, that such market will subsequently continue to exist. Any investor in the Notes must be prepared to hold its Notes for an indefinite period of time or until the Final Maturity Date or alternatively such investor may only be able to sell its Notes at a discount to the original purchase price of those Notes.

Moreover, as at the date of this Prospectus, the secondary market for mortgage-backed securities is experiencing significant disruptions resulting from reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity. Limited liquidity in the secondary market has had and may continue to have a material 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 investment requirements of limited categories of investors. These market conditions may continue or worsen in the future.

Whilst central bank schemes such as the Bank of England's Discount Window Facility (which was launched in October 2008) and the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, such as mortgage-backed securities, the eligibility criteria have become and are expected to continue to become more restrictive, which is likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities for the purpose of such facilities.

In addition, potential investors should be aware of the prevailing global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. In particular, it should be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by countries in the Eurozone.

Potential investors should also note that WBBS will purchase a portion of the Class A Notes (see the risk factor entitled "*WBBS as Noteholder*" below and the section entitled "*Subscription and Sale*").

Rights of Noteholders and Secured Creditors

Conflict between Noteholders

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Class A Noteholders and the Class B Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the Trustee's opinion, there is a conflict between the interests of:

- (a) (i) the Class A Noteholders and (ii) the Class B Noteholders, the Trustee shall give priority to the interests of the Class A Noteholders whose interests shall prevail; and
- (b) (i) the Class A1 Noteholders and (ii) the Class A2 Noteholders, the Trustee shall give priority to the interests of the Class A1 Noteholders, whose interests shall prevail.

The Joint Lead Managers (or their affiliates) may also purchase Class A Notes for their own account.

Conflict Between Noteholders and other Secured Creditors

So long as any of the Notes are outstanding, the Trustee shall, except where expressly provided otherwise, have regard solely to the interests of the Noteholders and not to the interests of the other Secured Creditors, its only obligation to such other Secured Creditors being to pay to them any monies received by it and available for them in accordance with the applicable Payments Priorities.

WBBS as Noteholder

WBBS will purchase a portion of the Class A Notes. WBBS will also be the initial purchaser of the Class B Notes. For so long as any Notes are held by or on behalf of WBBS (or any holding company of WBBS or any subsidiary of such holding company or of WBBS), WBBS, its holding company or subsidiary will only be entitled to all of the rights to which the holders of such Notes are entitled (including, without limitation, voting rights) if they hold all the Notes of the relevant Class (or sub-class) and there is no other class (or sub-class) of Notes ranking *pari passu* with, or junior to, such Notes which is not wholly beneficially owned by WBBS (or any holding company of WBBS or subsidiary of such holding company).

Issuer's interest in the Mortgage Loans

Issuer is a beneficiary under the Originator Trust

The Issuer will not have any exclusive interest in the Mortgage Loans or their Related Security. The Issuer will have a fixed undivided interest in the Originator Trust Property (including the Mortgage Loans) which does not give the Issuer exclusive entitlement to any particular Mortgage Loan and its Related Security (or to any severable part of a Mortgage Loan and its Related Security) within the Originator Trust Property. The Issuer will not be entitled to have transferred to it legal title to the Mortgage Loans and their Related Security (and, in the case of registered land, will not be registered as proprietor and legal owner at the Land Registry) which shall continue to be held by the Originator in its capacity as trustee of the Originator Trust. In its capacity as trustee of the Originator Trust, the Originator will hold the Mortgage Loans and their Related Security comprised in the Originator Trust Property for the benefit of the Issuer and the Originator Beneficiary. Neither the Issuer nor the Trustee will have a direct contractual relationship with any Borrower. The beneficial entitlement of the Issuer under the Originator Trust does not constitute a purchase or other acquisition, assignment or transfer of any legal ownership in any Mortgage Loan or its Related Security. The Originator will not grant the Issuer, the Trustee or any other entity any security interest over any Mortgage Loan or Related Security.

In the event of default by Borrowers under the Mortgage Loans or the Related Security, the Issuer will have rights solely against the Originator Trustee and will have no rights against Borrowers. Only the Originator will be entitled to take any remedial action in respect of the Mortgage Loans or Related Security or to exercise any votes permitted to be taken or given thereunder.

However, pursuant to the Originator Power of Attorney, the Issuer and/or the Trustee (and any delegate of the Issuer and/or the Trustee), may act in the name of the Originator (as lender of record) to take actions to enforce the Mortgage Loans and the Related Security against the Borrowers and to collect the proceeds of the Originator Trust Property following the occurrence of a Power of Attorney Event (see "*The Originator Trust – Originator Power of Attorney*" for further information). The Issuer has received legal advice (subject to certain reservations) to the effect that the Issuer may exercise its powers under the Originator Power of Attorney following the occurrence of a Power of Attorney Event without the leave of a court under English insolvency laws. There can be no assurance, however, that a court would reach the same conclusion or that leave, if required, would be granted.

The holding of a beneficial interest (under a trust) has the following main legal consequences in England and Wales:

- (a) the Issuer's interest in the Mortgage Loans and their Related Security may become subject to interests of third parties (whether legal or equitable) created after the creation of the Issuer's beneficial interest. In addition, the holding of a beneficial interest does not enable the Issuer to prevent the Originator from modifying the terms of the Mortgage Loans and their Related Security. Under the Mortgage Administration Agreement, WBBS in its capacity as Mortgage Administrator has agreed to certain restrictions on its ability to vary any of the terms of the Mortgage Loans or the Related Security; however, if WBBS were to vary the terms of the Mortgage Loans or Related Security in breach of such restrictions, such variations would nevertheless be binding on the Issuer and the Issuer would have recourse against WBBS for breach of contract or breach of trust;
- (b) any legal proceedings taken against any Borrower must be taken in the name of the Originator only. In this regard, the Originator will undertake for the benefit of the Issuer that it will lend its name to and take such other steps as may reasonably be required by the Issuer, in relation to any legal proceedings in respect of any Mortgage Loan or its Related Security. As described above, if the Originator does not take such steps as required by the terms of the Originator Trust, the Issuer and/or Trustee may use the Originator Power of Attorney to take such steps in the name of the Originator;
- (c) any Borrower is not bound to make payment to anyone other than the person to whom he or she made such payments before the declaration of trust took place (being the Originator) and can obtain a valid discharge from such person; and
- (d) equitable or common law rights of set-off may accrue in favour of any Borrower against his or her obligation to make payments under the relevant Mortgage Loan to the Originator, for example, in respect of other deposit accounts a Borrower may have with WBBS or in respect of the Originator's obligation to fund any further amount to a Borrower if the Originator is contractually obliged to do so. These rights may result in the Issuer receiving less money than anticipated from its beneficial interest in the Originator Trust Property. Under the terms of the Originator Trust Deed, the Originator has warranted that there are no current rights of the Borrowers to reduce the amount payable in respect of any Mortgage Loan by way of set-off or otherwise.

Set-off risk may adversely affect the value of the Mortgage Portfolio or any part thereof

As described above, the Issuer will only acquire a beneficial interest in the Mortgage Loans included in the Originator Trust and legal title to the Mortgage Loans and their Related Security will remain with the Originator. Therefore, the rights of the Issuer may be subject to "transaction set-off," being the direct rights of the Borrowers against the Originator, including rights of set-off which occur in relation to transactions or deposits made between the Borrowers and the Originator.

By way of example, set-off rights may arise if the Originator fails to make to a Borrower a Further Advance having agreed to do so.

The relevant Borrower may set off any claim for damages arising from the Originator's breach of contract against the Originator's (and, as holder of a beneficial interest in the Mortgage Loans and their Related Security, the Issuer's) claim for payment of principal and/or interest under the relevant Mortgage Loan as and when it becomes due.

The amount of any such claim against the Originator will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses

arising from the Originator'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 obtain an alternative mortgage loan, he or she may have a claim in respect of other indirect losses arising from the Originator's breach of contract where there are special circumstances communicated by the Borrower to the Originator at the time the Borrower entered into 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 Mortgage Administrator 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 is obtained.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Mortgage Portfolio and/or the ability of the Issuer to make payments under the Notes.

Mortgage Administration and Third Party Risk and Third Party Credit Risk

Issuer reliance on other third parties

The Issuer is also 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, each Swap Provider has agreed to provide hedging to the Issuer, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer, the GIC Provider has agreed to provide the GIC Account to the Issuer, the Mortgage Administrator has agreed to service the Mortgage Portfolio, the Back-Up Mortgage Administrator has agreed to act as delegate Mortgage Administrator following the occurrence of a Mortgage Administrator Delegation Event, the Back-Up Mortgage Administrator Facilitator has agreed to assist the Issuer in relation to the appointment of a replacement Back-Up Mortgage Administrator in certain circumstances, the Cash Manager has agreed to provide cash management services, the Back-Up Cash Manager has agreed to act as successor Cash Manager following the occurrence of certain trigger events in respect of the Cash Manager and the Paying Agents, the Registrar, the Transfer Agent and the Agent Bank have all agreed to provide services with respect to the Notes. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party (including as a result of insolvency of such parties), payments on the Notes may be adversely affected.

Investors should also be aware that third parties on which the Issuer relies can be adversely impacted by the general economic climate. At the date of this Prospectus, global markets are negatively impacted by prevailing economic conditions, including by market perceptions regarding the ability of certain EU member states in the Eurozone to service their sovereign debt obligations. These prevailing economic conditions as well as future developments in the areas of underlying market concern, such as the ability of certain Eurozone sovereign members to service their debt, could continue to have material adverse impacts on financial markets throughout the world up to and beyond the maturity of the Notes. Moreover, the anticipation by the financial markets of these impacts could also have a material adverse effect on the business, financial condition and liquidity position of certain of the parties to the transaction, on which the Issuer relies. As a result, these factors affecting transaction parties specifically, as well as market conditions generally, could adversely affect the performance of the Notes. In addition there can be no assurance that governmental or other actions will improve market conditions in the future.

The Mortgage Administrator

The Mortgage Administrator will be appointed by the Originator, the Issuer and the Originator Beneficiary to administer the Mortgage Loans. If a Mortgage Administrator Delegation Event occurs, the Mortgage Administrator is required to delegate the performance of its duties as Mortgage Administrator to the Back-Up Mortgage Administrator (which shall perform administration services in respect of the Mortgage Loans on the terms set out in the Back-Up Mortgage Administration Agreement).

If the Mortgage Administrator is required to delegate the performance of its duties as Mortgage Administrator to a delegate Mortgage Administrator in accordance with the terms of the Mortgage Administration Agreement, the collection of payments on the Mortgage Loans could be disrupted during the transitional period in which the performance of the Mortgage Administration Services is transferred to a delegate Mortgage Administrator. Any failure or delay in collection of payments on the relevant Mortgage Loans resulting from a disruption in the administration of the Mortgage Loans could ultimately adversely affect payments of interest and principal on the Notes. Such risk is mitigated by the provisions of the Back-Up Mortgage Administration Agreement

pursuant to which the Back-Up Mortgage Administrator has agreed to act as delegate Mortgage Administrator following the occurrence of a Mortgage Administrator Delegation Event.

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

Back-Up Mortgage Administrator

If the Back-Up Mortgage Administrator resigns from its appointment as Back-Up Mortgage Administrator or is unable to perform the Mortgage Administration Services following a Mortgage Administrator Delegation Event, there can be no assurance that a delegate mortgage administrator with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on substantially the same terms as those set out in the Mortgage Administration Agreement. In addition, as described below, any such delegate mortgage administrator will be required to be authorised under the Financial Services and Markets Act 2000 (the "FSMA") in order to administer Mortgage Loans that constitute Regulated Mortgage Contracts. The ability of any entity acting as a delegate mortgage administrator to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a delegate substitute administrator may affect payments on the Mortgage Loans and hence the Issuer's ability to make payments when due on the Notes.

The failure of the Back-Up Mortgage Administrator to assume performance of the Mortgage Administration Services following the occurrence of a Mortgage Administrator Delegation Event could result in the failure or delay in collection of payments on the relevant Mortgage Loans and ultimately could adversely affect payments of interest and principal on the Notes. Similarly, if the Back-Up Mortgage Administrator assumes performance of the Mortgage Administration Services as delegate Mortgage Administrator, there can be no assurance that a replacement Back-Up Mortgage Administrator could be found. Such risks are mitigated by the provisions of the Mortgage Administration Agreement pursuant to which the Back-Up Mortgage Administrator Facilitator will, upon the occurrence of certain events (see the section entitled "*Triggers Tables – Non Rating Triggers Table*" for further information), assist the Issuer in appointing a replacement Back-Up Mortgage Administrator. Neither the Back-Up Mortgage Administrator nor the Back-Up Mortgage Administrator Facilitator has any obligation itself to advance payments that Borrowers fail to make in a timely fashion.

The Trustee is not obliged to act in certain circumstances

The 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 to exercise or to enforce the provisions of the Notes or the Trust Documents (including the Conditions) or of the other Transaction Documents and at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 13 (*Events of Default*)) unless it shall have been directed to do so by an Extraordinary Resolution of Noteholders of the Most Senior Class or in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class provided, in each case, that it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

Change of counterparties

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the GIC Provider and the Swap Providers) are required to satisfy certain criteria in order that they can continue to be a counterparty to the Issuer.

These criteria include requirements imposed by the FSA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. No assurance can be given that a replacement entity satisfying the applicable criteria would be appointed in such circumstances. Further, in these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost

to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. This could result in a downgrade of the ratings of the Notes. The consent of Noteholders may not be required in relation to such amendments and/or waivers (see section entitled "*Risk Factors – Meetings of Noteholders, modification and waiver*" below).

The applicable rating criteria may also change over time which could have an impact on the ratings of the Notes.

The Mortgage Portfolio

Default by Borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are 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 or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies.

Other factors in Borrowers' personal or financial circumstances may affect the ability of Borrowers to repay the Mortgage Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the 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.

If a Borrower fails to repay its Mortgage Loan and the related Mortgaged Property is repossessed, the likelihood of there being a net loss on disposal of the Mortgaged Property is increased.

In order to enforce a power of sale in respect of a Mortgaged Property, the relevant mortgagee must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law is restricted in the future. See the section entitled "*Risk Factors – Certain regulatory considerations*" below.

Increases in prevailing market interest rates may adversely affect the performance and market value of the Notes

Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Borrowers with a mortgage loan subject to a variable rate of interest, will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward. Borrowers of a mortgage loan with an initial fixed rate or low introductory rate will be exposed to increased monthly payments at the end of the relevant fixed or introductory period. This increase in Borrowers' monthly payments at the end of an initial fixed or low introductory period may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance.

These events, alone or in combination, may contribute to higher delinquency rates and losses on the Mortgage Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

Declining property values

The value of the Mortgaged Properties and Related Security in respect of the Mortgage Loans may be affected by, among other things, a decline in the residential property values in the United Kingdom. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Mortgaged Properties and the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in losses on the Notes.

The Issuer cannot guarantee that the value of a Mortgaged Property will remain at the same level as on the date of origination of the related Mortgage Loan. The recent downturn in the United Kingdom economy has had a negative effect on the housing market. The fall in property prices resulting from the deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds of a sale are insufficient to redeem the outstanding loan. If the value of the Mortgaged Properties and Related Security 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.

Should residential property values decline further, Borrowers may have insufficient resources to refinance their Mortgage Loans with lenders other than the Originator and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

Geographic Concentration Risks

Mortgage Loans in the Mortgage Portfolio may be subject to geographic concentration risks. To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in the United Kingdom or a particular region experiences a natural disaster, a concentration of the Mortgage Loans in such a region may be expected to exacerbate certain of the risks relating to the Mortgage Loans described in this section. 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 as at the Cut-off Date, see "*Statistical Information on the Provisional Mortgage Portfolio – Geographical Spread*".

Interest Only Loans

Each Mortgage Loan in the Mortgage Portfolio may be repayable either on a capital repayment basis, an interest-only basis or a combination capital repayment/interest only payment basis (see the section entitled "*The Mortgage Portfolio – The Mortgage Loans – Characteristics of the Mortgage Loans - Repayment Terms*"). Where the Borrower is only required to pay interest during the term of the Mortgage Loan, with the capital being repaid in a lump sum at the end of the term, the Borrower is recommended to ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. However, the Originator does not require proof of any such repayment mechanism and does not take security over any investment policies taken out by Borrowers. The Originator also recommends that the Borrower takes out term life assurance cover in relation to the Mortgage Loan, but the Originator again does not require proof of, or take security over such policies.

Borrowers may not have been making payment in full or on time of the premiums due on any relevant investment or life policy, which may therefore have lapsed and/or no further benefits may be accruing thereunder. In certain cases, the policy may have been surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not have been applied in paying amounts due under the Mortgage Loan. Thus the ability of such a Borrower to repay an Interest-only Loan at maturity may depend on such Borrower's ability to sell the property in excess of the amount owing under the Mortgage Loan(s) and its responsibility in ensuring that sufficient funds are available from a given source such as pension policies, PEPs, ISA or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. Moreover, as no security is taken on such policies, there is no guarantee that (even if such proceeds were sufficient) the proceeds of such policies would be applied to repay the relevant

Mortgage Loan. If a Borrower cannot repay an Interest-only Loan and a Principal Loss occurs, this may affect repayments on the Notes if the corresponding Principal Deficiency Ledger entry cannot be cured.

Buildings insurance

The practice of the Originator in relation to buildings insurance is described under the section entitled "*The Mortgage Portfolio — The Mortgage Loans - Insurance Policies*" below. As the Originator does not verify if building insurance has been taken out by a Borrower, the Originator cannot be certain that a Borrower has taken out or maintained building insurance or that any such cover would be sufficient to cover any loss and/or that the Originator's interest has been advised to the insurer. No assurance can therefore be given that the Originator will always receive the benefit of any claims made under any applicable buildings insurance contracts. This could adversely affect the Issuer's ability to redeem the Notes.

No independent investigations; reliance on warranties in relation to the Mortgage Loans

The Originator will give certain warranties to each of the Issuer and the Trustee regarding the Mortgage Loans and their Related Security in which the Issuer will acquire a beneficial interest on the Closing Date under the Originator Trust. See the section entitled "*The Originator Trust – Originator Trust Deed and Beneficiaries Deed – Originator Trust Property – Representations and Warranties*" below for a summary of these.

None of the Trustee, the Arranger, the Joint Lead Managers nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Mortgage Loan or its Related Security (save that the Issuer has obtained a review of the Standard Documentation and a limited review of a small sample of Mortgage Loans) and each relies instead on the warranties given in the Originator Trust Deed by the Originator. The only remedy of the Issuer against the Originator if any of the Originator Asset Warranties made by the Originator is materially breached or proves to be materially untrue as at the Closing Date will be to require the Originator to reacquire the Issuer's beneficial interest in any relevant Mortgage Loan and its Related Security. There can be no assurance that the Originator will have the financial resources to honour such obligations under the Originator Trust Deed. This may affect the quality of the Mortgage Loans and their Related Security and accordingly the ability of the Issuer to make payments due on the Notes.

Selection of the Portfolio

The information in the section headed "*Statistical Information on the Provisional Mortgage Portfolio*" has been extracted from the systems of the Originator as at the Cut-off Date. The Provisional Mortgage Portfolio of mortgage loans from which the Mortgage Portfolio will be selected comprises 4,633 mortgage loans with a Current Balance of £357,973,594. The characteristics of the Mortgage Portfolio as at the Closing Date will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of mortgage loans prior to the Closing Date and the operation of a random selection process to select the Mortgage Portfolio.

Certain Legal, Tax and Regulatory Considerations

Mortgages Regulated under FSMA

In the United Kingdom, regulation of residential mortgage business by the FSA under the FSMA came into force on 31 October 2004 (the "**Mortgage Regulation Date**"). Subject to certain exemptions, entering into, arranging or advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of these things) are regulated activities under FSMA requiring authorisation and permission from the FSA.

A credit agreement is a "Regulated Mortgage Contract" under FSMA if, at the time it is entered into on or after the Mortgage Regulation Date: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by a first legal mortgage on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is 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 is a beneficiary of the trust or by a related person.

The Originator holds authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be 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 FSMA. The Issuer does not

require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not require authorisation under FSMA to carry on the regulated activity of administering Regulated Mortgage Contracts because the Mortgage Loans are administered pursuant to the Mortgage Administration Agreement by the Mortgage Administrator, which has the required FSA authorisation and permission. If the Mortgage Administration Agreement terminates, however, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement mortgage administrator having the required FSA authorisation and permission.

The Issuer will not itself be an authorised person under the FSMA. In the event that an agreement for a Mortgage Loan 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 such as the Mortgage Administrator or a replacement mortgage administrator having the required FSA authorisation and permission. On or after the Mortgage Regulation Date, no variation may be made in relation to a Mortgage Loan where it would result in the Issuer arranging or advising in respect of or administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

An unauthorised person who administers a Regulated Mortgage Contract entered into on or after the Mortgage Regulation Date may commit a criminal offence, but this will not render the Regulated Mortgage Contract unenforceable against the borrower.

The FSA's Mortgages and Home Finance: Conduct of Business Sourcebook ("**MCOB**"), which sets out the FSA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, *inter alia*, 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.

If requirements as to authorisation and permission of lenders and brokers or as to issue and approval of financial promotions are not complied with, the relevant mortgage loan will be unenforceable against the borrower except with the approval of a court. In addition, 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 FSA rule (including the rules in MCOB), 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. Any such set-off in relation to a loan in the Mortgage Portfolio may adversely affect the Issuer's ability to make payments on the Notes.

The Originator will give a representation and warranty to the Issuer in the Originator Trust Deed that, among other things, each relevant Mortgage Loan and its related Mortgage is enforceable (subject to certain exceptions). The Originator Trust Deed provides that in respect of a material breach of a Originator Asset Warranty (which, if capable of remedy, is not remedied within the specified time) each of the Issuer and following delivery of an Enforcement Notice the Trustee will require the Originator to reacquire the relevant Mortgage Loan in exchange for payment of the Reacquisition Amount.

Credit agreements that were entered into before the Mortgage Regulation Date, but are subsequently changed such that a new contract is entered into on or after the Mortgage Regulation Date, are regulated under FSMA where they fall within the definition of "Regulated Mortgage Contract".

In June 2010, the FSA made changes to MCOB which effectively convert previous guidance on the policies and procedures to be applied by authorised firms (such as the Originator) with respect to forbearance in the context of Regulated Mortgage Contracts, into formal mandatory rules. Under the new rules, a firm is restricted 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 the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (amongst other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA has indicated that it does not expect each forbearance option referred to in the new rules to be explored at every stage of interaction with the borrower, it is clear that the new rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions. As a result, the new rules may operate in certain circumstances to require the Mortgage Administrator to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the asset 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 adversely 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 Mortgage Loans which involve a Borrower who experiences payment difficulties, and the action which the Originator is required to take.

Proposed changes to United Kingdom mortgage regulation

In November 2009, the UK Government launched a consultation on mortgage regulation, which sets out proposals to extend the scope of FSA regulation to include buy-to-let mortgages and introduce a regulated activity of managing Regulated Mortgage Contracts which is intended to protect consumers when mortgage loans are sold. The consultation follows the announcements on mortgage regulation made in the July 2009 "Reforming financial markets" consultation paper, which sets out the Government's proposals for reform of the financial system.

In its follow-up paper "Mortgage regulation: summary of responses", published in March 2010, HM Treasury acknowledged an industry concern that the proposed regulated activity of managing Regulated Mortgage Contracts was drawn too widely and could potentially extend to include the activities of special purpose vehicles (such as the Issuer) used in the wholesale mortgage markets. On 26 January 2011, HM Treasury announced revised proposals on the sale of mortgage books. In a related impact assessment, HM Treasury has indicated that rather than creating a new regulated activity of 'managing' a Regulated Mortgage Contract, the definition of the existing regulated activity of 'administering' Regulated Mortgage Contracts will be extended to cover unregulated mortgage holders who exercise specified rights (such as changing interest rates) under mortgage contracts. This is considered to be the most effective way to ensure consumer protection without affecting lenders' ability to securitise their mortgage loans. However, until the statutory instruments introducing HM Treasury's proposals are published, it is not certain what effect the expansion of the regulated activity of administering Regulated Mortgage Contracts may have on the Originator, the Issuer and/or the Mortgage Administrator and their respective business and operations. The statutory instruments are expected to be published in early to mid-2012.

The CCA Regime

In order to avoid dual regulation under FSMA and the Consumer Credit Act 1975 (the "CCA"), it is intended that Regulated Mortgage Contracts will not be regulated by the CCA. Certain regulations made in 2005 and 2008 under FSMA are designed to clarify the position in this regard. This exemption only affects credit agreements made on or after the Mortgage Regulation Date and credit agreements made before the Mortgage Regulation Date but subsequently changed such that a new contract is entered into on or after the Mortgage Regulation Date and constitutes a separate Regulated Mortgage Contract.

Provided that the Originator Asset Warranties are accurate, then none of the Mortgage Loans should be regulated credit agreements within the meaning of the CCA. The Originator will give a representation and warranty to the Issuer in the Originator Trust Deed that, among other things, each relevant Mortgage Loan falls within the scope of regulation under FSMA and therefore outside the scope of regulation under the CCA.

The Issuer does not intend to obtain a CCA licence. There is a possibility that any Mortgage Loan intended to be a Regulated Mortgage Contract under the FSMA, or unregulated, might instead be wholly or partly regulated by the CCA or treated as such because of technical rules on: (a) determining whether any credit under the CCA arises or whether any applicable financial limit of the CCA is exceeded; (b) determining whether the credit agreement is an exempt agreement under the CCA; and (c) changes to the credit agreement. If any Mortgage Loan is in fact regulated under the CCA and WBBS as legal titleholder of the Mortgage Loan and/or Mortgage Administrator does not have a CCA licence, such Mortgage Loan would be unenforceable against the relevant Borrower without a validation order from the OFT.

EU proposal for a directive on credit agreements relating to residential property

On 31 March 2011, the European Commission published a proposal for a directive on credit agreements relating to residential immovable property for consumers. The proposed directive applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state on residential immovable property, or secured by a right relating to residential immovable property; (b) credit agreements the purpose of which is to purchase or retain rights in land or in an existing or proposed residential building; and (c) credit agreements the purpose of which is to renovate residential immovable property and which are outside the Consumer Credit Directive (Directive 2008/48/EC). The proposed directive does not apply to credit agreements to be repaid from the sale proceeds of an immovable property, or to certain credit granted by an employer to its employees.

The proposed directive requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The proposed directive also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The proposed directive has been submitted to the European Parliament and Council for their consideration with a view to reaching agreement at first reading. On 9 February 2012 the European Parliament announced a revised indicative date of 10 September 2012 for its plenary session on the proposal. A revised Presidency compromise proposal has been published, most recently on 16 January 2012 (dated 13 January 2012). It is currently proposed that member states will be required to implement the directive into national law two years after it enters into force.

Until the proposed directive is adopted by the European Parliament and the Council, and implemented into UK law, it is not possible to tell what effect the directive and the implementation of the directive into UK law would have on the Mortgage Loans, the Originator, the Issuer, the Mortgage Administrator and their respective businesses and operations.

Repossessions policy

A new protocol for mortgage possession cases in England and Wales came into force on 19 November, 2008 (the "**Pre-Action Protocol**") and sets out the steps that judges will expect any lender to take before starting a claim. In response to this, a number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three (or, in the case of some lenders, six) months after a Borrower, who is an owner-occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant Borrower and may not apply in cases of fraud. The Pre-Action Protocol is addressed to residential mortgage lenders and may have adverse effects in markets experiencing above average levels of possession claims. In addition, the Mortgage Repossession (Protection of Tenants etc) Act 2010 (the "**Repossession Act 2010**") came into force in October, 2010. The act introduces new powers for courts hearing a mortgage repossession case where the property is occupied by unauthorised tenants, including powers to delay a repossession order and suspend a warrant of eviction on application by an unauthorised tenant.

Amendments to Chapter 13 of MCOB, which came into force on 25 June 2010 prevents in relation to Regulated Mortgage Contracts: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term or a product switch; and (b) automatically capitalising a payment shortfall. Formerly, these were the subject of non-binding guidance only.

The Pre-Action Protocol, MCOB requirements for mortgage possession cases and the Repossession Act 2010 may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes.

As noted above, in June 2010 the FSA made changes to MCOB which effectively convert previous guidance on the policies and procedures to be applied by authorised firms (such as the Originator) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under the new rules, a firm is restricted 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 the borrower's circumstances, it is appropriate to take certain actions. 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 which involve a borrower which experiences payment difficulties, and the action which the Originator is required to take in each case.

Consultation Paper on the power of sale and residential property

On 29 December 2009, the Ministry of Justice of the United Kingdom published a consultation paper (entitled '*Mortgages: power of sale and residential property*' (CP55/09)) which contains proposals to amend the law to prevent mortgagees from selling residential properties in England and Wales without a court order or the consent of the borrower. It is not known if, and to what extent, these proposals will be enacted in the future as a

matter of law. If the proposals are enacted, the ability of the mortgagee to exercise its power of sale in relation to the Mortgages may be restricted and this may affect the Issuer's ability to make payments on the Notes.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "UTCCR"), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994, apply to agreements made on or after 1 July 1995 and affect all or almost all of the Mortgage Loans.

The UTCCR provide that a consumer (which would include a borrower under all or almost all of the Mortgage Loans) may challenge a standard term in an agreement on the basis that it is "unfair" within the UTCCR 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).

The UTCCR will not 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), but 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.

Under concordats agreed between the FSA and the OFT, most recently in November 2009, the division of responsibility for the enforcement of the UTCCR in mortgage loan agreements was agreed to be allocated by them, generally, to the FSA in relation to Regulated Mortgage Contracts under FSMA originated by lenders authorised by the FSA and to the OFT in relation to other mortgages. In May 2005, the FSA issued a statement of good practice on fairness of terms in consumer contracts, which is relevant to firms authorised and regulated by the FSA in relation to products and services within the FSA's regulatory scope. This statement provides that, for locked-in borrowers, a lender may consider drafting the contract to permit a change in the contract to be made only where any lock-in clause is not exercised. In January 2007, the FSA issued a statement of good practice on mortgage exit administration fees. This statement provides that the lender should ensure that the fee represents in fact the cost of the administration services that the lender provides when a borrower exits the mortgage. The FSA issued a follow-up communication in November 2007 emphasising that this statement should not be interpreted narrowly and, where appropriate, firms should consider applying its principles to other charges. In August 2007, the FSA's Unfair Contract Terms Regulatory Guide came into force. This guide is designed to explain the FSA's policy on how it will use its powers under the UTCCR.

Whilst the OFT and FSA have powers to enforce the UTCCR, it would be for a court to determine their proper interpretation. The extremely broad and general wording of the UTCCR 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 are covered by the UTCCR may contain unfair terms which may result in the possible unenforceability of such terms. If any term of the Mortgage Loans is found to be unfair for the purpose of the UTCCR, this may adversely affect the ability of the Issuer to make payments to Noteholders on the Notes.

The guidance issued by the FSA and OFT 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, will not have a material adverse effect on the Originator, the Issuer, the Mortgage Administrator and their respective businesses and operations.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the "Unfair Practices Directive"). The Unfair Practices Directive was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 ("CPUTRs"). The CPUTRs came into effect on 26 May 2008 and affect all contracts entered into with persons who are natural persons and acting for purposes outside their respective business. Although the CPUTRs are not concerned solely with financial services, they do apply to the residential mortgage market. The OFT and FSA agreed a concordat most recently in November 2009 to co-ordinate enforcement action and co-operate regarding the delivery of consumer protection in relation to the CPUTRs.

Under the CPUTRs a commercial practice is to be regarded as unfair and prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well-informed and reasonably observant and circumspect, and taking into account social, cultural and linguistic factors) who the practice reaches or to whom it is addressed (or where a practice is directed at or is of a type which may affect a particular group of consumers, the average member of that group).

In addition to the general prohibition on unfair commercial practices, the CPUTRs contain provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and a list of practices which will in all cases be considered unfair. The effect (if any) of the CPUTRs on the Mortgage Loans, the Originator or the Issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPUTRs. Whilst engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment. In practical terms, the CPUTRs have not added much to the regulatory requirements already in place, such as treating customers fairly and conduct of business rules. Breach of the CPUTRs would initiate intervention by a regulator.

Given the foregoing, no assurance can be given that the CPUTRs will not adversely affect the ability of the Issuer to make payments to Noteholders.

Distance Marketing

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). A Regulated Mortgage Contract under the FSMA, if made by a UK originator from an establishment in the UK, will not be cancellable under these regulations. Any other credit agreement will be cancellable under these regulations, if the Borrower does not receive prescribed information at the prescribed time, or in any event for certain unsecured lending. The Borrower may send notice of cancellation under these regulations at any time before the end of the fourteenth day after the day on which the cancellable agreement is made or, if later, the Borrower receives the last of the prescribed information.

If the Borrower cancels the credit agreement under these regulations, then:

- (a) the Borrower is liable to repay the principal and any other sums paid by the originator to the Borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the Borrower's sending notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the Borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the Borrower received certain prescribed information at the prescribed time and if other conditions are met; and
- (c) any security is to be treated as never having had effect for the cancelled agreement.

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 those amounts, affecting the Issuer's ability to make payments in full on the Notes when due.

Proposed changes to the UK regulatory structure

In July 2010 and February 2011, HM Treasury published consultations on proposals to replace the FSA with a new Prudential Regulation Authority (the "**PRA**"), which will be responsible for micro-prudential regulation of financial institutions that manage significant risks on their balance sheets, and a new Financial Conduct Authority (the "**FCA**", previously referred to as the Consumer Protection and Markets Authority), which will be responsible for conduct of business. HM Treasury proposes, *inter alia*, that the FCA will have power to render unenforceable contracts made in contravention of its product intervention rules, and that formalised

cooperation will exist between the FCA and the Ombudsman particularly where issues identified potentially have wider implications. It is likely that each of the PRA and the FCA will have some control over activities related to regulated mortgages and, potentially, some of the activities currently performed by the OFT, in respect of mortgage loans regulated by the CCA and unregulated mortgage loans. The new regulatory structure is expected to be in place by the end of 2012.

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Originator's particular sector in that market or specifically in relation to the Originator. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Originator, the Issuer, the Mortgage Administrator and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

Financial Ombudsman Service

Under the FSMA, the Ombudsman is required to make decisions on, *inter alia*, 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, *inter alia*, law and guidance. Complaints 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. As the Ombudsman is required to make decisions on the basis of, *inter alia*, the principles of fairness, and may order a money award to the Borrower, it is not possible to predict how any decision of the Ombudsman would affect the Originator, the Issuer and/or the Mortgage Administrator and their respective business and operations or, correspondingly, the ability of the Issuer to make payments to Noteholders.

Implementation of, and amendments to, the Basel II framework may affect the regulatory capital and liquidity treatment of the Notes

The regulatory capital framework published by the Basel Committee on Banking Supervision (the "**Basel Committee**") in 2006 (the "**Basel II Framework**") has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as Basel III), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base held by credit institutions, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Member countries will be required to implement the new capital standards from January 2013, the new liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and the European Commission's corresponding proposals to implement the changes (through amendments to the CRD known as "**CRD IV**") are expected to be presented in March 2011. The changes approved by the Basel Committee may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

English law security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes. If certain insolvency proceedings are commenced

in respect of the Issuer, the ability of the Trustee to realise the Security may be delayed and/or the value of the Security impaired.

The provisions of the Insolvency Act allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, such provisions should apply to the floating charge created by the Issuer and assignment by way of security in favour of the Trustee. However, this is partly a question of fact. If it was not possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent which may lead to the realisation of the Security being delayed and/or the value of the Security being impaired.

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 Insolvency Act, 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 claims of unsecured creditors. 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.

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

Fixed charges may take effect under English law as floating charges

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer may take effect under English law as floating charges if, for example, it is determined that the Transaction Documents do not permit the Trustee to exert sufficient control over the Charged Property. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidation and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

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. However, section 176ZA of the Insolvency Act, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result, it is now the case that the costs and expenses of a liquidation 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 the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008. Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer (which would otherwise be available to satisfy the claims of the Secured Creditors under the Deed of Charge) would be reduced by the amount of all, or a significant proportion of, any liquidation expenses.

Risks relating to the Banking Act 2009

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers have been granted to HM Treasury, the Bank of England and the FSA (the "**Authorities**") as part of the special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with and stabilise United Kingdom-incorporated institutions with permission to accept deposits pursuant to Part IV of the FSMA (such as the Collection Account Bank, the GIC Provider, the Swap Providers, the Cash Manager, the Mortgage Administrator, the Originator and the Subordinated Loan Provider) (each a "**relevant entity**") that are failing or are likely to fail to satisfy the threshold conditions (within the meaning of section 41 of the FSMA). The SRR consists of three stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a "bridge bank" wholly-owned by the Bank of England; and (iii) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. The Banking Act also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify certain contractual arrangements in certain circumstances. It is possible that one of the stabilisation options could be exercised prior to the point at which any application for an insolvency or administration order with respect to the relevant entity could be made.

In general, the Banking Act requires the 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 transfer instruments and orders made under it. The Authorities are also empowered by order to amend the law for the purpose of enabling the powers under the SRR to be used effectively. An order may make provision which has retrospective effect. In general, there is considerable uncertainty about the scope of the powers afforded to the 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 Banking Act in respect of a relevant entity, such instrument or order could (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to such documents. In particular, in certain circumstances encumbrances and trusts can be over-reached or varied or the terms of a trust removed or altered (although in the case of partial property transfers the terms of a trust can only be removed or altered to the extent that it is necessary or expedient to transfer to the transferee: (i) the legal or beneficial title of the banking institution in the property held on trust; or (ii) any powers, rights or obligations of the banking institution in respect of the property held on trust (such as the Originator Interest in the Originator Trust Property)) and provision may be made concerning how any powers, provisions and liabilities in respect of trust property are to be exercisable or have effect. In addition, an instrument or order under the Banking Act may include powers such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Transaction Documents in respect of the relevant entity, including termination and acceleration events). As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that the Issuer or the Noteholders would recover compensation promptly and equal to any loss actually incurred.

As at the date of this Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of any relevant entities referred to above and there has been no indication that any of the Authorities will make any such instrument or order, 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.

In addition, on 8 April 2010, the Building Societies (Financial Assistance) Order 2010 (the "**Financial Assistance Order**") came into force in exercise of certain powers under the Banking Act 2009 for the purpose of modifying the application of the Building Societies Act 1986 in certain circumstances to facilitate the provision of relevant financial assistance to building societies in the UK (such as WBBS) by the UK Treasury, the Bank of England, other central banks of Member States and the European Central Bank (i.e. assistance for the purpose of maintaining the stability of the financial system in the UK). Most significantly, the Financial Assistance Order would permit the UK Treasury, the Bank of England, other central banks of Member States or the European Central Bank to provide such assistance without it counting for the purpose of the 50 per cent. limit on a building society's non-member funding. It would also permit the society to create a floating charge over its assets in favour of the UK Treasury, the Bank of England, other central banks of Member States and/or

the European Central Bank, as applicable, in respect of such assistance. Because of the new power for a building society to create a floating charge over its assets, the Financial Assistance Order also allows for an administrative receiver to be appointed over the assets of the building society.

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Securitisation Company Tax Regime

The Taxation of Securitisation Companies Regulations 2006 (the "**TSC Regulations**") were made under section 84 of the Finance Act 2005 on 11 December 2006 (and now take effect under Chapter 4, Part 13 of the Corporation Tax Act 2010). The TSC Regulations deal with the corporation tax position of securitisation companies such as the Issuer with effect for periods of account beginning on or after 1 January 2007. The TSC Regulations have been amended by, in particular, the Taxation of Securitisation Companies (Amendment) Regulations 2007, which came into force on 27 December 2007 (and have effect for periods beginning on or after 1 January 2007).

If the TSC 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 expects to be taxed under the special tax regime for which provision is made by the TSC Regulations.

Noteholders should note, however, that the TSC Regulations are in short-form and it is expected that advisors will rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the new regime.

If the Issuer does not (or subsequently will not) satisfy the conditions of the TSC Regulations, then, depending on the accounting treatment, the Issuer's 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. In addition, the interest paid on the Issuer's 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 taxable profits in the Issuer could have an adverse affect on its ability to make payments to Noteholders.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system or through another country that has adopted similar measures and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuer, any Paying Agent or any other person would be obliged to pay additional amounts with respect to any

Note as a result of the imposition of such withholding tax. Investors who are in any doubt as to their position should consult their professional advisers.

European Monetary Union

It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State in the European economic and monetary union and that the Euro may become the lawful currency of the United Kingdom (although the current UK coalition government has ruled out preparing for or joining the Euro for the duration of the coalition agreement as published in full on 20 May 2010). In the event that the Euro were to become the lawful currency of the United Kingdom: (i) all amounts payable in respect of the Notes may become payable in Euro; (ii) applicable provisions of law may allow or require the Notes to be redenominated into Euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on the Notes or changes may be made to the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower's ability to repay its Mortgage Loan as well as adversely affect investors in the Notes. It cannot be said what effect, if any, adoption of the Euro by the United Kingdom will have in relation to the Notes.

The Issuer or Noteholder May Be Subject to a 30 per cent. US Withholding Tax

The Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act ("**FATCA**") generally impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to certain non-U.S. financial institutions (including entities such as the Issuer) that do not enter into and comply with an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide certain information about their US accountholders and investors. The new withholding regime will be phased in beginning in 2014.

Although proposed treasury regulations have been published by the IRS, this is only interim guidance and does not provide comprehensive details regarding FATCA. No assurance can be provided that the Issuer will enter into such an agreement with the IRS or be able to comply with any obligations pursuant to any legislation implementing FATCA. If the Issuer determines that it must comply with FATCA in order to receive certain payments free of U.S. withholding tax, Noteholders may be required to provide certain information in order to avoid tax being withheld from payments under or in respect of the Notes. By purchasing the Notes, a purchaser will be deemed to have agreed to provide the Issuer with the information required to allow the Issuer to comply with FATCA. If a Noteholder does not provide the required information, or (in the case of a Noteholder that is non-U.S. financial institution) does not enter into such an agreement with the IRS, the Issuer may withhold tax at 30 per cent. on a portion of any payments made in respect of the Notes as required by FATCA. For the purposes of the foregoing, references to FATCA shall also include any amendments made to FATCA (or successor provisions) after the date of this Prospectus and any inter-governmental agreement made pursuant to FATCA or implementing legislation adopted by another jurisdiction in connection with FATCA.

Prospective investors should consult their advisors about the application of FATCA.

Clearing and Settlement

Euroclear and Clearstream, Luxembourg - Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for 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 and receipt of such payment by the Common Depositary, 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 (see section entitled "*Description of the Notes in Global Form – General*").

A nominee for the Common Depositary will be the registered holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole Noteholder of the Global Note under the Trust Deed while the Notes are represented by the Global Note. 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.

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*" below. 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 Trustee, any Paying Agent, the Registrar or any of their 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.

Lack of physical form

The lack of Notes in physical form could make it difficult for a Noteholder to pledge or grant any other form of security over such Notes if Notes in physical form are required by the party demanding the pledge, and hinder the ability of the Noteholder to resell such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Transfer Restrictions

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements and in accordance with the rules and regulations of any applicable clearing system.

Meetings of Noteholders, modification and waiver

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

The Trust Deed provides that, without the consent or sanction of the Noteholders or any of the other Secured Creditors, the Trustee may:

- (a) concur with the Issuer and/or any other person, in making any modification to the Conditions or the Transaction Documents:
 - (i) which, in the opinion of the Trustee, is of a formal, minor or technical nature, or is to correct a manifest error; or
 - (ii) which (not being a Reserved Matter) is requested in writing by the Issuer as necessary or desirable to reflect the then current rating criteria of any Rating Agency to the extent necessary to maintain the then current rating of the Class A Notes provided that a certificate from the Mortgage Administrator is provided to the Trustee certifying that: (i) such modification is necessary or desirable to reflect the then current rating criteria of any Rating Agency to the extent necessary to maintain the then current rating of the Class A Notes; and (ii) the modification does not constitute a Reserved Matter and further provided that any such certificate may be relied on by the Trustee without further investigation and shall be conclusive and binding on the Noteholders and on the other Secured Creditors and the Trustee shall not be liable or responsible for any losses to any person, howsoever caused, as a result of taking or omitting to take any action whatsoever in relation to any such certificate, or otherwise; or

- (iii) (other than a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the then Most Senior Class;
- (b) authorise or waive, on such terms and conditions (if any) as it may decide, any proposed breach or breach of any Transaction Document, if in the Trustee's opinion, the interests of the holders of the then Most Senior Class will not be materially prejudiced thereby; and
- (c) determine that any Event of Default or Potential Event of Default shall not be treated as such, if in the Trustee's opinion, the interests of the holders of the Most Senior Class will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (b) or (c) in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most Senior Class or a request or direction in writing made by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class (but no such direction or request shall affect (a) any authorisation, waiver or determination previously given or made; or (b) shall require or authorise the Trustee to exercise its discretion to authorise or waive any proposed breach or breach relating to a Reserved Matter unless each class of Notes has, by Extraordinary Resolution, so authorised its exercise).

The Trustee may also, without the consent of any of the Noteholders or other Secured Creditors, concur with the Issuer in substituting in place of the Issuer a Substituted Obligor as the principal debtor in respect of the Transaction Documents provided that certain conditions as set out in the Trust Deed are satisfied.

The Trust Deed provides that the Trustee shall, as regards the powers, trusts, authorities, duties and discretions vested in it by the Transaction Documents, except where expressly provided otherwise, solely have regard to the interests of the Noteholders and not to the interests of the other Secured Creditors its only obligation to such other Secured Creditors being to pay to them any monies received by it and available for them in accordance with the applicable Payments Priorities.

In addition, the Trustee shall have regard:

- (a) for so long as there are any Class A Notes outstanding, only to the interests of the Class A Noteholders if, in the Trustee's opinion, there is or may be a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders.
- (b) for so long as there are any Class A1 Notes outstanding, only to the interests of the Class A1 Noteholders if, in the Trustee's opinion, there is or may be a conflict between the interests of the Class A1 Noteholders and the interests of the Class A2 Noteholders.

See also the section entitled "*Overview of Rights of Noteholders*".

The exercise of the Trustee's powers at its own discretion or at the direction of the Noteholders may affect the interests of a Noteholder.

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 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 Originator Trust Property, 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.

Impact of regulatory initiatives on certain investors

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect 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, including, without limitation Article 122a and Directive 2009/138/EC ("**Solvency II**") which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital

charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Lead Managers, the Arranger or the Originator makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment (or the liquidity of such investment as a result thereof) on the Closing Date or at any time in the future.

There remains considerable uncertainty with respect to Article 122a and it is not clear what is required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with Article 122a and any implementing rules in a relevant jurisdiction should seek guidance from their regulator. Similar requirements to those set out in Article 122a have been or are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) in the future.

In this regard investors in the Notes who are subject to Article 122a should be aware that the Originator has made undertakings with regard to Article 122a as more particularly described in the section entitled "*Certain Regulatory Disclosures*". These undertakings relate first to the Originator retaining a sufficient material net economic interest in the securitisation in accordance with Article 122a and secondly to it complying with its obligations under paragraph 7 of Article 122a to provide materially relevant data to investors and prospective investors in the Notes. In respect of its obligations under paragraph 7, the Originator will, pursuant to the undertaking in the Originator Trust Deed, provide access to such data as the Originator shall determine is "materially relevant data" (for the purposes of such paragraph) on an objective basis taking into account generally accepted market practice as to disclosure and reporting, guidance from or applicable to regulators to which it is subject and the requirements of Noteholders as a class. Investors in the Notes who are subject to Article 122a are required to determine for themselves whether data provided prior to making their investment decision and the nature of the Originator's undertakings are sufficient in these respects to enable them to invest in compliance with Article 122a. Moreover there is no certainty that the Originator will provide additional information requested by an investor in the Notes should the Originator determine it is not required to do so under paragraph 7 and the terms of its undertaking. Failure to receive information which an investor in the Notes considers necessary for its obligations under Article 122a may result in additional capital charges should it be determined it did not receive the information by reason of its own negligence or omission and/or have a negative impact on the price or liquidity of the Notes in the secondary market.

In general, Article 122a, Solvency II 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.

TRANSACTION OVERVIEW

The information set out below is an overview of various aspects of the transaction. This overview does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus.

Party	Name	Address	Document under which appointed/Further information
Issuer	Kenrick No.1 plc	35 Great St. Helen's, London EC3A 6AP	See the sections entitled " <i>Diagrammatic overview of the ownership structure</i> " and " <i>Issuer</i> " for further information
Originator	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	See the section entitled " <i>West Bromwich Building Society</i> " for further information
Originator Beneficiary	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Originator Trust Deed See the section entitled " <i>The Originator Trust</i> " for further information
Originator Trustee	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Originator Trust Deed See the section entitled " <i>The Originator Trust</i> " for further information
Mortgage Administrator	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Mortgage Administration Agreement See the section entitled " <i>The Mortgage Administrator and the Mortgage Administration Agreement</i> " and " <i>The Back-Up Mortgage Administrator</i> " for further information

Back-Up Mortgage Administrator	Crown Mortgage Management Limited	Crown House, Crown Street, Ipswich, Suffolk IP1 3HS	Back-Up Mortgage Administration Agreement See the sections entitled " <i>The Mortgage Administrator and the Mortgage Administration Agreement</i> " and " <i>The Back-Up Mortgage Administrator</i> " for further information
Back-Up Mortgage Administrator Facilitator	Structured Finance Management Limited	35 Great St. Helen's, London EC3A 6AP	Mortgage Administration Agreement See the section entitled " <i>The Mortgage Administrator and the Mortgage Administration Agreement</i> " for further information
Cash Manager	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Cash Management Agreement See the section entitled " <i>Cashflows and Cash Management</i> " and " <i>Key Structural Features – Cash Manager</i> " for further information
Back-Up Cash Manager	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Back-Up Cash Management Agreement See the section entitled " <i>Key Structural Features – Back-Up Cash Manager</i> " for further information
Subordinated Loan Provider	West Bromwich Building Society	374 High Street, West Bromwich, West Midlands B70 8LR	Subordinated Loan Agreement See the section entitled " <i>Key Structural Features – Subordinated Loan</i> " for further

			information
BBR Swap Provider	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	BBR Swap Agreement See the sections entitled " <i>Key Structural Features – Swap Agreements</i> " and " <i>The Swap Providers</i> " for further information.
Fixed Rate Swap Provider	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Fixed Rate Swap Agreement See the sections entitled " <i>Key Structural Features – Swap Agreements</i> " and " <i>The Swap Providers</i> " for further information.
GIC Provider	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	GIC Account Agreement See the sections entitled " <i>Key Structural Features – GIC Account</i> " for further information.
Collection Account Bank	HSBC Bank PLC	8 Canada Square, Canary Wharf, London E14 5HQ	N/A
Trustee	Citicorp Trustee Company Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Trust Deed and Deed of Charge See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
Principal Paying Agent	Citibank N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information
Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Services Agreement See the section entitled " <i>Issuer</i> " for further information

Arranger	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	N/A
Joint Lead Manager	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
Joint Lead Manager	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
Joint Lead Manager	J.P. Morgan Securities Ltd.	125 London Wall London EC2Y 5AJ	Subscription Agreement See the section entitled " <i>Subscription and Sale</i> " for further information.
Holdings	Kenrick No.1 Holdings Limited	35 Great St. Helen's, London, EC3A 6AP	See the sections entitled " <i>Diagrammatic Overview of the Ownership Structure</i> " and " <i>Holdings</i> " for further information
Share Trustee	SFM Corporate Services Limited	35 Great St. Helen's, London, EC3A 6AP	See the section entitled " <i>Diagrammatic Overview of the Ownership Structure</i> "

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A1	Class A2	Class B
Currency	£	£	£
Initial Principal Amount	£164,500,000	£122,000,000	£52,600,000
Credit Enhancement Features	Subordination of Class B Notes*, General Reserve Fund and excess Available Issuer Revenue**	Subordination of Class B Notes*, General Reserve Fund and excess Available Issuer Revenue**	Excess Available Issuer Revenue***
Liquidity Support Features	General Reserve Fund applied to make up Revenue Shortfall and Available Issuer Principal applied to make up Remaining Revenue Shortfall	General Reserve Fund applied to make up Revenue Shortfall and Available Issuer Principal applied to make up Remaining Revenue Shortfall	N/A
Issue Price	100%	100%	100%
Interest Rate	3 month Sterling LIBOR (interpolated for 5 and 6 month Sterling LIBOR for the first Interest Period) + Initial Margin or Step-Up Margin, as applicable	3 month Sterling LIBOR (interpolated for 5 and 6 month Sterling LIBOR for the first Interest Period) + Initial Margin or Step-Up Margin, as applicable	3 month Sterling LIBOR (interpolated for 5 and 6 month Sterling LIBOR for the first Interest Period) + Initial Margin
Initial Margin	Up to and excluding the Step-Up Date, 1.8% p.a.	Up to and excluding the Step-Up Date, 2.15% p.a.	0.2% p.a.
Step-Up Margin	From and including the Step-Up Date, 3.6% p.a.	From and including the Step-Up Date, 4.3% p.a.	N/A
Interest Accrual Method	ACT/365 (fixed)	ACT/365 (fixed)	ACT/365 (fixed)
Interest Payment Dates	Interest will be payable quarterly in arrear on the Interest Payment Date falling on 11th October, January, April and July in each year commencing on the First Interest Payment Date, subject to the Business Day Convention.		
Business Day Convention	Following	Following	Following
First Interest Payment Date	The Interest Payment Date falling in October 2012	The Interest Payment Date falling in October 2012	The Interest Payment Date falling in October 2012
First Interest Period	The period from the Closing Date to the First Interest Payment Date		
Step-Up Date	The Interest Payment Date falling in April 2017	The Interest Payment Date falling in April 2017	N/A

* Including use of excess Available Issuer Revenue (on and following the Step-Up Date) to make principal payments on the Class A Notes prior to payment of Class B interest.

** Including use of excess Available Issuer Revenue (prior to the Step-Up Date) to make principal payments on the Class A Notes prior to payment of Deferred Consideration.

*** Prior to the Step-Up Date.

Optional Call Date	The Interest Payment Date falling in April 2017	The Interest Payment Date falling in April 2017	The Interest Payment Date falling in April 2017
Pre-Enforcement Redemption Profile	Pass through redemption on each Interest Payment Date to the extent of Available Issuer Principal subject to and in accordance with the Pre-Enforcement Principal Payments Priorities. If the Call Option is exercised on the Step-Up Date or any Interest Payment Date thereafter, the Notes will be redeemed in full on such date. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i>).		
Calculation Date	The third Business Day prior to each Interest Payment Date.		
Post Enforcement Redemption Profile	Pass through redemption in accordance with the Post Enforcement Payments Priorities. Please refer to " <i>Cashflows and Cash Management</i> " below.		
Other Early Redemption in Full Events	Tax/Clean up call. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i>).		
Final Maturity Date	The Interest Payment Date falling in January 2043	The Interest Payment Date falling in January 2043	The Interest Payment Date falling in January 2043
Form of the Notes	Registered Notes	Registered Notes	Registered Notes
Application for Listing	London	London	London
ISIN	XS0772555677	XS0772555750	XS0772555834
Common Code	077255567	077255575	077255583
Clearance/ Settlement	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Minimum Denomination	£100,000 and £1,000 thereafter	£100,000 and £1,000 thereafter	£100,000 and £1,000 thereafter
U.S. Regulation	Reg S	Reg S	Reg S
Expected Ratings (Fitch/Moody's)	AAAsf/Aaa(sf)	AAAsf/Aaa(sf)	Not rated

OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

See the section entitled "Terms and Conditions of the Notes" for further information in respect of the terms of the Notes.

Ranking of Payments of Interest:

Payments of interest on the Class A Notes and the Class B Notes will be made in the following order of priority:

- (a) *first*, to the Class A1 Notes and the Class A2 Notes; and
- (b) *second*, to the Class B Notes.

Payments of interest on the Class B Notes will rank behind payments to replenish the General Reserve Fund and payments to reduce the debit balance (if any) on the Class A Principal Deficiency Sub-Ledger and the Class B Principal Deficiency Sub-Ledger. In addition, on and after the Step-Up Date, payments of interest on the Class B Notes will not be made until the Class A Notes have been redeemed in full.

The Notes within each class and each sub-class will rank *pro rata* and *pari passu* among themselves at all times in respect of payments of interest to be made to such class or sub-class.

Any reference to a "**class**" of Notes or Noteholders shall be a reference to the Class A Notes or the Class B Notes, as the case may be, or to the respective holders thereof and any reference to a "**sub-class**" of Notes or Noteholders shall be a reference to any sub-class of such class of Notes (including for the avoidance of doubt, the Class A1 Notes or the Class A2 Notes or to the respective holders thereof).

Ranking of Payments of Principal:

Prior to the service of an Enforcement Notice, payments of principal on the Class A Notes and the Class B Notes will rank as follows:

- (a) *first*, to the Class A1 Notes;
- (b) *second*, to the Class A2 Notes; and
- (c) *third*, to the Class B Notes.

Following the service of an Enforcement Notice payments of principal to the Class A Notes will be made *pari passu* and *pro rata* among themselves. Payments of principal on the Class B Notes will continue to rank behind payments of principal on the Class A Notes.

The Notes within each individual class and sub-class will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of principal to be made to such individual class and sub-class (other than in respect of the Class A1 Notes and the Class A2 Notes prior to the service of an Enforcement Notice as set out above).

For a more detailed overview of the Payments Priorities, see the sections entitled "*Summary of Credit Structure*"

and Cashflow - Overview of Payments Priorities" and "Cashflows and Cash Management".

Most Senior Class:

means:

- (a) the Class A1 Notes whilst they remain outstanding;
- (b) when no Class A1 Notes remain outstanding, the Class A2 Notes whilst they remain outstanding; and
- (c) thereafter the Class B Notes.

Security:

The Notes are secured, and share the same Security with other Secured Amounts of the Issuer in accordance with the Deed of Charge and Condition 6 (*Security*). The security granted by the Issuer includes:

- (a) a first fixed charge over the beneficial interest of the Issuer in the Mortgage Portfolio and the other Originator Trust Property;
- (b) a first fixed charge over the Issuer Accounts and each Authorised Investment;
- (c) a legal assignment by way of security of the Issuer's benefit under each Transaction Document; and
- (d) a first floating charge over the Issuer's whole undertaking and all of its property, assets and rights whatsoever other than those subject to a fixed charge or assignment.

Some of the other Secured Amounts rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds, as set out in the Pre-Enforcement Revenue Payments Priorities and the Post Enforcement Payments Priorities.

Interest payable on the Notes:

The interest rate applicable to each class and each sub-class of Notes is described in the sections entitled "*Full Capital Structure of the Notes*" and Condition 8 (*Interest*).

Interest Deferral:

Interest due and payable on the Class A Notes may not be deferred.

Interest due and payable on the Class B Notes may be deferred in accordance with Condition 8.11 (*Interest Deferred*).

Withholding Tax:

None of the Issuer, the Trustee, any Agent or any other person will be obliged to gross-up payments to the Noteholders if there is any withholding or deduction for or on account of taxes from any payments made to the Noteholders.

Redemption:

The Notes are subject to the following optional or mandatory redemption events:

- (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 9.1 (*Final Redemption*);
- (b) mandatory redemption in part on any Interest Payment Date prior to the delivery of an Enforcement Notice, subject to availability of Available Issuer Principal, as fully set out in Condition 9.2 (*Mandatory Redemption in part*);
- (c) optional redemption in whole exercisable by the Issuer on any Interest Payment Date where the Principal Amount Outstanding of all the Notes on the related Calculation Date is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date, as fully set out in Condition 9.3 (*Optional Redemption in whole*);
- (d) optional redemption in whole exercisable by the Issuer on any Interest Payment Date on or after the Step-Up Date, as fully set out in Condition 9.3 (*Optional Redemption in whole*); and
- (e) optional redemption in whole exercisable by the Issuer for tax reasons on any Interest Payment Date, as fully set out in Condition 9.4 (*Optional Redemption in whole for taxation reasons*).

Subject to the Issuer having sufficient funds available for this purpose, each Note redeemed will be redeemed in an amount equal to the Principal Amount Outstanding of the relevant Note together with any accrued (and unpaid) interest up to (and including) the date of redemption.

Events of Default:

As fully set out in Condition 13 (*Events of Default*), which broadly include:

- non-payment by the Issuer of principal in respect of the Notes within 7 days following the due date;
- non-payment by the Issuer of any Interest Amount on the Most Senior Class within 15 days following the due date;
- breach of contractual obligations by the Issuer under the Transaction Documents which is incapable of remedy or which is, if capable of remedy, not remedied within 30 days and which is materially prejudicial to the interests of the holders of the Most Senior Class;
- an Insolvency Event occurs in relation to the Issuer; or
- it is or will become unlawful for the Issuer to

perform or comply with its obligations.

Limited Recourse:

All the Notes are ultimately limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay all amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Condition 10 (*Limited Recourse*).

Non petition:

Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security and no Transaction Party shall be entitled to proceed directly against the Issuer to enforce the Security as described in more detail in Condition 15 (*No action by Noteholders or any other Secured Creditor*).

Governing Law:

English law.

OVERVIEW OF RIGHTS OF NOTEHOLDERS

See the sections entitled "Terms and Conditions of the Notes" for further detail in respect of the rights of Noteholders and conditions for exercising such rights.

Prior to an Event of Default:

Noteholders holding not less than 10% of the aggregate Principal Amount Outstanding of the Notes then outstanding of the relevant class are entitled to request the Trustee to hold a Meeting, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction. Noteholders of each class are also entitled to participate in a Meeting convened by the Issuer or Trustee to consider any matter affecting their interests.

However, so long as no Event of Default has occurred and is continuing, the Noteholders or other Transaction Parties are not entitled to instruct or direct the Issuer to take any action, either directly or through the Trustee, without the consent of the Issuer unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

Following an Event of Default:

If an Event of Default occurs and is continuing, the holders of the Most Senior Class may, by request in writing signed by holders of at least 25% of the Principal Amount Outstanding of the Most Senior Class or by an Extraordinary Resolution, direct the Trustee to give an Enforcement Notice to the Issuer pursuant to which the Notes of each class shall become immediately due and repayable at their respective Principal Amount Outstanding together with any accrued (and unpaid) interest, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction.

Noteholders meeting provisions:

	Initial Meeting:	Adjourned meeting:
Notice period:	21 clear days for the initial meeting	10 clear days for the adjourned meeting
Quorum for Extraordinary Resolution:	One or more persons holding or representing in aggregate a majority of the Principal Amount Outstanding of the Notes then outstanding of the relevant class (or sub-class) or classes (or sub-classes) for the initial meeting, (other than an Extraordinary Resolution regarding a Reserved Matter	One or more persons being or representing Noteholders of the relevant class (or sub-class) or classes (or sub-classes), whatever the Principal Amount Outstanding of the Notes then outstanding held or represented by such person(s) (other than an Extraordinary Resolution regarding a

	(which must be proposed separately to each class (or sub-class) of Noteholders), which requires one or more persons holding or representing not less than in aggregate 75% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class (or sub-class) or classes (or sub-classes))	Reserved Matter (which must be proposed separately to each class (or sub-class) of Noteholders), which requires one or more persons holding or representing not less than in aggregate 25% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class (or sub-class) or classes (or sub-classes))
Required majority:	Not less than 75% of votes cast	Not less than 75% of votes cast
Written Resolution:	100% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class (or sub-class) or classes (or sub-classes). A Written Resolution has the same effect as an Extraordinary Resolution.	100% of the Principal Amount Outstanding of the Notes then outstanding of the relevant class (or sub-class) or classes (or sub-classes). A Written Resolution has the same effect as an Extraordinary Resolution.

Reserved Matters:

Relationship between Classes of Noteholders:

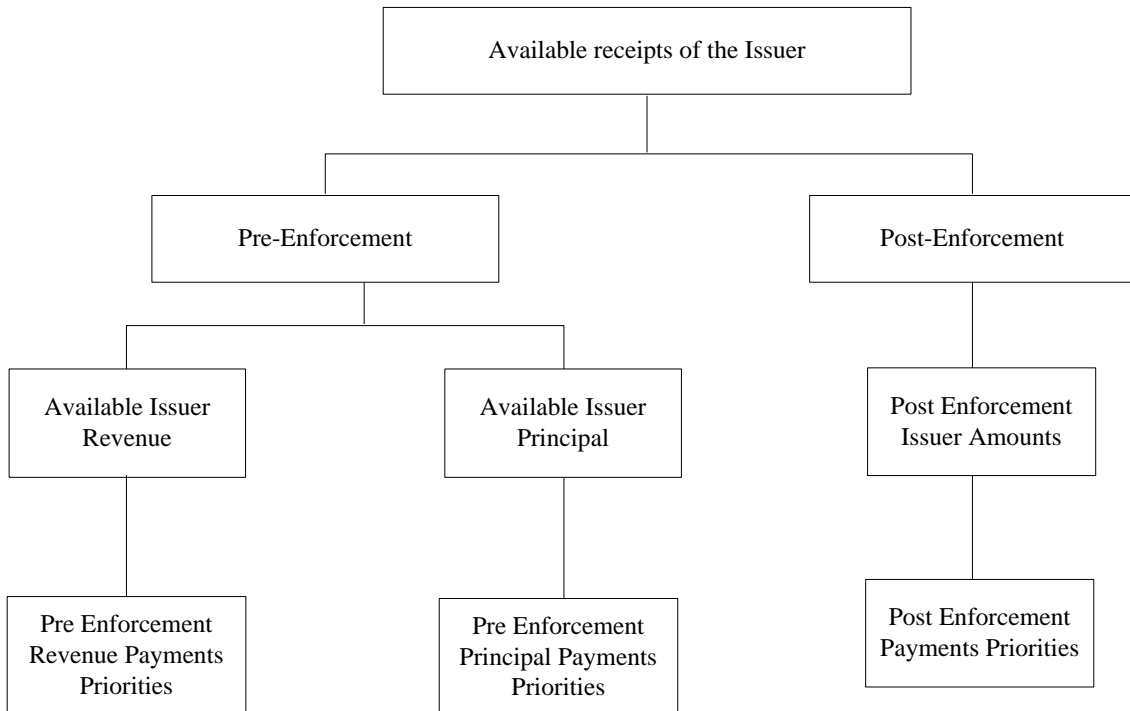
Originator as Noteholder:

Relationship between Noteholders and other Secured Creditors:

Provision of Information to the Noteholders:

OVERVIEW OF CREDIT STRUCTURE AND CASHFLOW

See the sections entitled "Key Structural Features" and "Cashflows and Cash Management" for further information in respect of the credit structure and cash flow of the transaction.



SUMMARY OF CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "Key Structural Features – Credit Enhancement and Liquidity Support" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.

Available Receipts of the Issuer: The Issuer will apply Available Issuer Revenue and Available Issuer Principal for the purposes of making interest payments and principal payments in respect of the Notes and paying the amounts due and payable to other parties under the Transaction Documents in accordance with the relevant Payments Priorities.

Available Issuer Revenue will comprise, for each Interest Payment Date, the following:

- (a) all Issuer Revenue received by the Issuer during the related Calculation Period;
- (b) interest received by the Issuer in respect of the GIC Account and income from any Authorised Investments during the related Calculation Period;
- (c) amounts received by the Issuer under the Swap Agreements on such Interest Payment Date (subject to certain exceptions as set out in full in the section entitled "Cashflows and Cash Management" below);
- (d) any other income of the Issuer received during the related Calculation Period;
- (e) any amounts released from the General Reserve Fund when the General Reserve Fund Required Amount is reduced to zero (on redemption in full of the Class A Notes), to the extent not required to pay accrued interest and outstanding principal on the Subordinated Loan in full;
- (f) any excess Available Issuer Principal following redemption in full of the Notes;
- (g) any amounts released from the Mortgage Administrator Failure Reserve Fund following the subsequent receipt of the relevant Mortgage Administrator Reports, to the extent not required to pay or provide for a Reconciliation Amount;
- (h) any amount of Available Issuer Principal to be applied as a credit to the Revenue Surplus Ledger in accordance with item (d) of the Pre-Enforcement Principal Payments Priorities;
- (i) if there is a Revenue Shortfall on such Interest Payment Date, any amounts then standing to the credit of the General Reserve Ledger to the extent required to cover such Revenue Shortfall; and
- (j) if there is a Remaining Revenue Shortfall on such Interest Payment Date, any Available Issuer Principal to the extent required to cover such Remaining Revenue Shortfall;

plus

- (k) following a Mortgage Administrator Report Failure Event and the subsequent receipt of the relevant Mortgage Administrator Reports, any amount debited from the Mortgage Administrator Failure Reserve Fund and/or any amount of Available Issuer Principal applied to pay or provide for a Reconciliation Amount; and

less

- (l) following a Mortgage Administrator Report Failure Event and the subsequent receipt of the relevant Mortgage Administrator Reports, any amount of Available Issuer Revenue applied to pay or provide for a Reconciliation Amount.

Available Issuer Principal will include, for each Interest Payment Date:

- (a) all Issuer Principal Receipts for the related Calculation Period, comprising 99 per cent. of:
 - (i) any payment in respect of principal received in respect of any Mortgage Loan;
 - (ii) any payment received in respect of any claim under an Insurance Policy in respect of a Mortgaged Property in connection with a Mortgage Loan;
 - (iii) recoveries of principal on redemption of any Mortgage Loan;
 - (iv) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan;
 - (v) the principal component of any Reacquisition Amounts;
 - (vi) any other payments received in respect of a Mortgage Loan which are not classified as Revenue Receipts;
- (b) if applicable, any Available Issuer Revenue to be applied in reducing the debit balance of the Principal Deficiency Ledger; and
- (c) any amounts of Available Issuer Revenue to be applied on that Interest Payment Date as Available Issuer Principal, pursuant to items (k) and (m) of the Pre-Enforcement Revenue Payments Priorities;

plus

- (d) following a Mortgage Administrator Report Failure Event and the subsequent receipt of the relevant Mortgage Administrator Reports, any amount debited from the Mortgage Administrator Failure Reserve Fund and/or any amount of Available Issuer Revenue applied to pay or provide for a Reconciliation Amount;

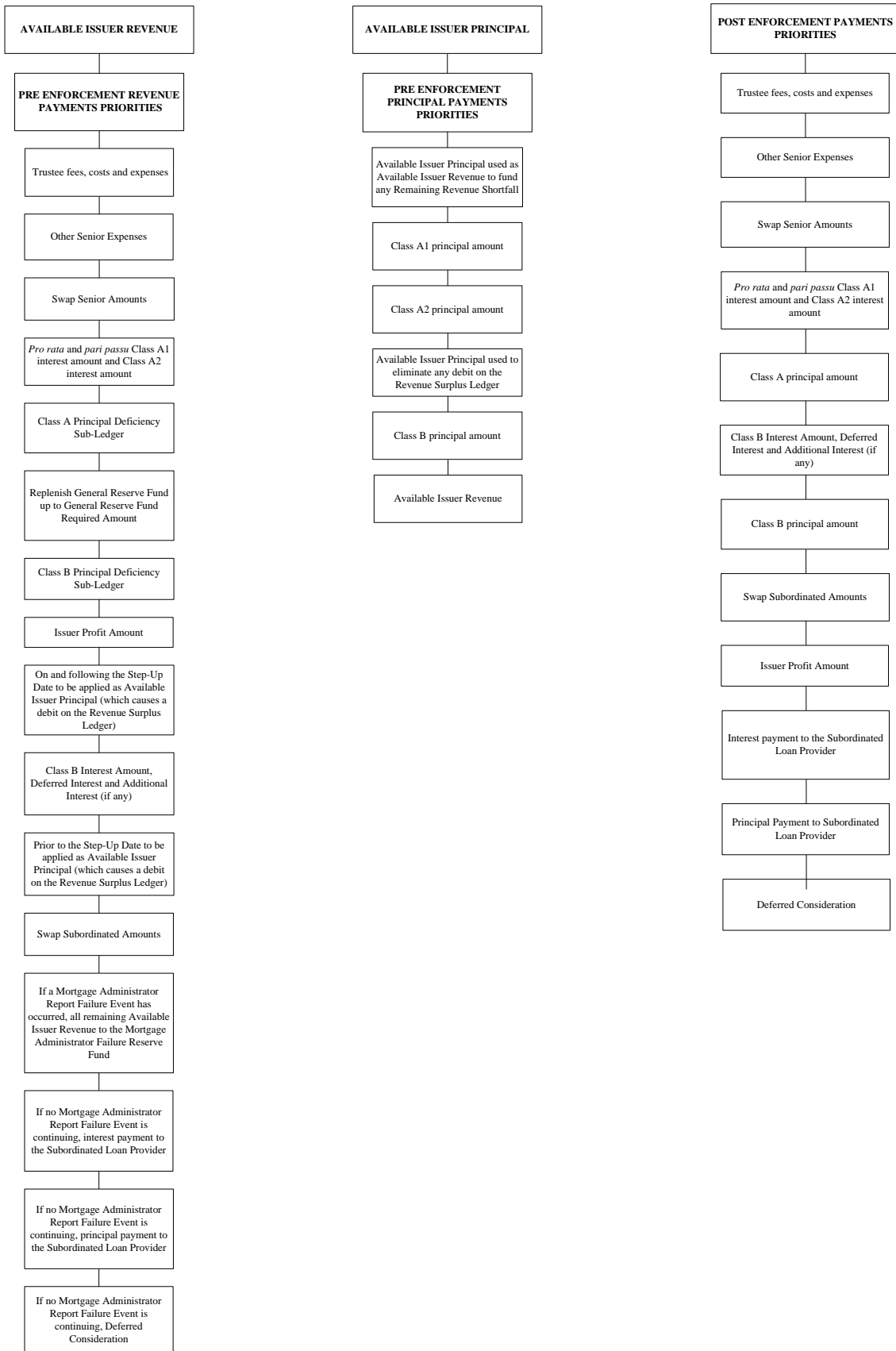
less

- (e) following a Mortgage Administrator Report Failure Event and the subsequent receipt of the relevant Mortgage Administrator Reports, any amount of Available Issuer Principal applied to pay or provide for a Reconciliation Amount.

Please refer to the section entitled "*Cashflows and Cash Management*" below.

**Overview of Payments
Priorities:**

Below is an overview of the Payments Priorities:



See the section entitled "*Cashflows and Cash Management*" for further information on the Payments Priorities.

Key Structural Features:

The credit enhancement, liquidity support and other key structural features of the transaction include, broadly, the following: 8.3.4.2

- availability of the General Reserve Fund, initially funded through a drawing by the Issuer under the Subordinated Loan Agreement on the Closing Date of an amount equal to £10,173,000 (being 3 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date). The General Reserve Fund will be replenished on each Interest Payment Date up to the General Reserve Fund Required Amount from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities. The General Reserve Fund will be credited to the GIC Account. Moneys standing to the credit of the General Reserve Fund will be applied to make up any Revenue Shortfall (including to reduce any debit balance on the Class A Principal Deficiency Sub-Ledger). Any amount credited to the General Reserve Fund after the Class A Notes have been repaid in full will be used to pay accrued interest and outstanding principal in respect of the Subordinated Loan in full and thereafter will form part of Available Issuer Revenue;
- availability of Available Issuer Principal to make up any Remaining Revenue Shortfall;
- prior to the service of an Enforcement Notice, payments of principal amongst the Class A Notes will be made: first, to the Class A1 Notes; and second, to the Class A2 Notes and payments of interest on the Class A Notes will be made *pari passu* and *pro rata* amongst each other;
- payments of interest on the Class B Notes are subordinated to payments of interest on the Class A Notes and, on and following the Step-Up Date, payments of interest and principal on the Class A Notes;
- payments of principal on the Class B Notes are subordinated to payments of principal on the Class A Notes;
- following the occurrence of a Mortgage Administrator Report Failure Event, Available Issuer Revenue which would otherwise be applied to pay: (i) interest and principal in respect of the Subordinated Loan; and (ii) Deferred Consideration will instead be credited to the Mortgage Administrator Failure Reserve Fund. Upon remedy of the Mortgage Administrator Report Failure Event, amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund will be applied to pay or provide for any Reconciliation Amounts and thereafter will form part of Available Issuer Revenue;
- investment income in respect of Authorised Investments and/or provided by the GIC Provider in respect of amounts deposited in the GIC Account will be applied as Available Issuer Revenue;

- availability of Bank of England base rate swaps and fixed rate swaps provided by the Swap Providers to hedge against the possible variance between the fixed interest rates and Bank of England base rate linked interest rates payable in respect of the Fixed Rate Loans, Tracker Rate Loans and Discounted Tracker Rate Loans and the floating LIBOR based interest rates payable in respect of the Notes;
- during the life of the Notes, Available Issuer Revenue is expected to be sufficient to pay the Interest Amounts payable in respect of all classes of Notes and all other items ranking in priority in the relevant Payments Priorities; and
- prior to the Step-Up Date, excess Available Issuer Revenue, following payment of interest on the Class B Notes, will be applied as Available Issuer Principal in order to make principal payments on the Class A Notes. On and following the Step-Up Date, excess Available Issuer Revenue, following payment of the Issuer Profit Amount, will be applied as Available Issuer Principal in order to make principal payments on the Class A Notes in accordance with the relevant Payments Priorities. Available Issuer Revenue applied in this manner will be reflected by a debit entry in the Revenue Surplus Ledger. Available Issuer Principal, following repayment in full of the Class A Notes, shall be applied as Available Issuer Revenue, to the extent there is a debit on Revenue Surplus Ledger (following such application, the debit balance on the Revenue Surplus Ledger will be reduced by such amount).
- Deferred Consideration will only be payable out of Available Issuer Revenue on each Interest Payment Date if there is no Mortgage Administrator Report Failure Event which is continuing.

See the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support*" for further information.

Revenue Shortfall:

On each Calculation Date, the Cash Manager will determine whether Available Issuer Revenue (excluding amounts standing to the credit of the General Reserve Fund and any Available Issuer Principal) is sufficient to pay or provide for payment of Senior Expenses, Swap Senior Amounts, Interest Amounts on the Class A Notes and to eliminate any debit balance on the Class A Principal Deficiency Sub-Ledger, that is, items (a) to (g) inclusive of the Pre Enforcement Revenue Payments Priorities. To the extent that such Available Issuer Revenue is insufficient to pay such amounts in full on the immediately following Interest Payment Date (the amount of any such deficit being a "**Revenue Shortfall**"), the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay or provide for such Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund.

Remaining Revenue Shortfall:

On each Calculation Date, the Cash Manager will determine whether Available Issuer Revenue (excluding any Available Issuer Principal but including amounts standing to the credit of the General Reserve Fund) is sufficient to pay or provide for

payment of Swap Senior Amounts and Interest Amounts on the Class A Notes, that is, items (a) to (f) inclusive of the Pre Enforcement Revenue Payments Priorities. To the extent that such Available Issuer Revenue is insufficient to pay such amounts in full on the immediately following Interest Payment Date (the amount of any such deficit being a "**Remaining Revenue Shortfall**"), the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay or provide for such Remaining Revenue Shortfall by applying Available Issuer Principal.

Principal Deficiency Ledgers:

The Class A Principal Deficiency Sub-Ledger and the Class B Principal Deficiency Sub-Ledger will be established to record as a debit any Issuer Principal Losses and/or the use of any Available Issuer Principal to fund a Remaining Revenue Shortfall.

Issuer Principal Losses and/or any amount of Available Issuer Principal used to fund a Remaining Revenue Shortfall will be allocated to the Notes and recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) *first*, to the Class B Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and
- (b) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Available Issuer Revenue will be credited to the relevant sub-ledgers of the Principal Deficiency Ledger on each Interest Payment Date to reduce the debit balance (if any) of such sub-ledgers of the Principal Deficiency Ledger in accordance with the Pre-Enforcement Revenue Payments Priorities.

GIC Account and Cash Management:

Revenue Receipts and Principal Receipts in respect of the Mortgage Loans are received by the Originator in the Collection Accounts. The Originator (and where relevant, the Mortgage Administrator) is obliged to transfer collections in respect of the Mortgage Loans which represent Issuer Principal Receipts and Issuer Revenue to the GIC Account on the Business Day following the date of collection. On or prior to each Interest Payment Date, all amounts standing to the credit of the GIC Account (other than any amounts representing Swap Excluded Receipts) will be applied as Available Issuer Revenue in accordance with the relevant Payments Priorities, save for:

- (a) amounts credited to the General Reserve Ledger which will be retained in the GIC Account unless the Cash Manager determines that there is a Revenue Shortfall on such Interest Payment Date; and
- (b) following a Mortgage Administrator Report Failure Event, amounts credited to the Mortgage Administrator Failure Reserve Fund which will be retained in the GIC Account until the Cash Manager determines that such amounts are to be applied to pay or provide for a Reconciliation Amount on an Interest Payment Date or, once all Reconciliation Amounts have been paid or

provided for, as Available Issuer Revenue.

On or about the Closing Date, WBBS will declare a trust (the "**Collection Account Declaration of Trust**") in favour of the Originator and the Originator Trustee over amounts standing to the credit of the Collection Accounts.

Summary of key Swap Terms

The BBR Swap Agreement has the following key commercial terms:

- Notional Amount: 99 per cent. of the Tracker Rate Loan Balance in respect of the applicable Calculation Period;
- Floating Rate payable by the Issuer: the weighted average Bank of England base rate applicable to the Tracker Rate Loans and Discounted Tracker Rate Loans during the relevant Calculation Period;
- Rate of Interest payable by the BBR Swap Provider: LIBOR for three-month Sterling deposits; and
- Frequency of payment: quarterly.

The Fixed Rate Swap Agreement has the following key commercial terms:

- Notional Amount: 99 per cent. of the Fixed Rate Loan Balance in respect of the applicable Calculation Period;
- Fixed Rate payable by the Issuer: the weighted average interest rate applicable to the Fixed Rate Loans during the relevant Calculation Period;
- Rate of Interest payable by the Swap Provider: LIBOR for three-month Sterling deposits; and
- Frequency of payment: quarterly.

OVERVIEW OF THE MORTGAGE PORTFOLIO

See the sections entitled "*The Mortgage Portfolio*", "*The Originator Trust*", "*Statistical Information on the Provisional Mortgage Portfolio*" and "*The Mortgage Administrator and the Mortgage Administration Agreement*" for further information in respect of the Mortgage Portfolio and the Issuer's interest in the Mortgage Portfolio.

Mortgage Portfolio:

The Mortgage Portfolio will consist of the Mortgage Loans, the Mortgages, the other Related Security and all rights, interest, benefit, income and payments derived therefrom or in relation thereto from time to time, which will be declared subject to the Originator Trust on the Closing Date.

Each of the Mortgage Loans and its Related Security is governed by English law.

There will be no substitution of the Mortgage Loans in the Mortgage Portfolio as existing Mortgage Loans repay or are reacquired in accordance with the terms of the Originator Trust Deed. See the section entitled "*The Originator Trust*" for more information.

Features of the Provisional Mortgage Portfolio:

The following is a summary of certain features of the portfolio of mortgage loans selected by the Originator on 31 May 2011 (the "**Pool Selection Date**") which comprise the "**Provisional Mortgage Portfolio**". The Mortgage Loans will be selected from the Provisional Mortgage Portfolio on the Closing Date. The information set out in relation to the Provisional Mortgage Portfolio is calculated as at 31 January 2012 (the "**Cut-off Date**"). Investors should carefully consider all further details in respect of the Provisional Mortgage Portfolio set out in "*Statistical Information on the Provisional Mortgage Portfolio*".

The mortgage loans in the Provisional Mortgage Portfolio are all secured by first priority charges over freehold and leasehold properties in England and Wales.

Type of Borrower	Prime		
Type of mortgage loan	Repayment Loans or Interest-only Loans or a combination of both.		
Number of mortgage loans	4,633		
	<u>Weighted* average</u>	<u>Minimum</u>	<u>Maximum</u>
Current Balance (£)	77,266*	1,530	668,979
LTV Ratio at date of most recent advance on the mortgage loan (%)	61.15	4.54	95.00
Current LTV Ratio (%)	51.55	0.58	97.04

Seasoning (months)**	72.59	0.59	130.06
Remaining Term (years)**	15.03	0.17	28.94

*Current Balance calculated as a simple average.

**Seasoning and Remaining Term are calculated at sub-account level (see "*Statistical Information on the Provisional Mortgage Portfolio*")

See the section entitled "*Statistical Information on the Provisional Mortgage Portfolio*" for further information and for an explanation of the terms and figures used in the table above.

Originator Trust:

The Originator Trust will be established on the Closing Date between the Originator, the Originator Trustee, the Originator Beneficiary and the Issuer. The whole beneficial interest in the Mortgage Portfolio will form part of the Originator Trust Property. The Originator Trustee will hold the Originator Trust Property on trust for both the Issuer and the Originator Beneficiary. The Issuer and the Originator Beneficiary will each have a joint and undivided beneficial interest in the Originator Trust Property. The Issuer will acquire a 99 per cent. undivided beneficial interest in the Originator Trust Property. The Issuer and the Originator Beneficiary will be the only beneficiaries of the Originator Trust.

Legal title to the Mortgage Loans and their Related Security will remain with the Originator. The Issuer will not have any direct relationship with, and will not be able directly to enforce the obligations of, any Borrower under the Mortgage Conditions.

Payments of interest and principal arising from the Mortgage Loans will be allocated to the Issuer and the Originator as described in the section entitled "*The Originator Trust*".

Principal losses experienced on the Mortgage Loans during a Calculation Period in circumstances where such Mortgage Loans will not be reacquired by the Originator as a result of a material breach of representation or warranty by the Originator with respect to the relevant Mortgage Loans (such realised losses together being "**Principal Losses**") will be allocated to each of the Issuer and the Originator Beneficiary according to the Issuer Interest and Originator Interest respectively.

See the section entitled "*The Originator Trust*" for further information.

Consideration:

The consideration payable by the Issuer to the Originator in respect of the acquisition by the Issuer of the Issuer Interest in the Originator Trust Property will be equal to the aggregate of:

- (a) the Initial Consideration, being an amount equal to 99 per cent. of the aggregate of the Current Balance less Accrued Interest of each Mortgage Loan as at the Closing Date; and
- (b) Deferred Consideration.

Provided there is no Mortgage Administrator Report Failure Event which is continuing, Deferred Consideration will be due and payable by the Issuer to the Originator prior to the service of an Enforcement Notice on each Interest Payment Date, out of

Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.

Deferred Consideration will be due and payable by the Issuer to the Originator following the service of an Enforcement Notice from Post Enforcement Issuer Amounts in accordance with the Post Enforcement Payments Priorities.

See the section entitled "*The Originator Trust – Consideration*" for further information.

Originator Asset Warranties:

The Originator will make the Originator Asset Warranties to the Issuer and the Trustee on the Closing Date, in respect of the Mortgage Loans and their Related Security.

The Originator Asset Warranties include the following warranties in respect of each Mortgage Loan and its Related Security:

- first ranking security in respect of properties located in England or Wales;
- maximum outstanding principal amount not exceeding £750,000;
- at least two monthly payments having been made;
- each Mortgage Loan made no earlier than 1 April 2001 and no later than 31 December 2009;
- final maturity date of each Mortgage Loan no later than 2 years before the Final Maturity Date;
- no Borrower has the right to make further drawings under any Mortgage Loan and no Mortgage Loan is subject to cash backs;
- no Borrowers have current rights of set-off;
- no amount of arrears of interest or principal on any Mortgage Loan has been outstanding during the 36 months immediately preceding the Closing Date; and
- no Mortgage Loan is a RTB Loan, an offset mortgage loan or a buy-to-let mortgage loan.

See the section entitled "*The Originator Trust – Originator Trust Property – Representations and Warranties*" for further information and a full list of the Originator Asset Warranties.

Reacquisitions of the Mortgage Loans:

The Originator will reacquire the beneficial interest in a Mortgage Loan and its Related Security within three Business Days of the date of any notice from the Issuer requiring it to do so, upon the occurrence of any of the following:

- a Further Advance is or will be made in respect of the relevant Mortgage Loan following the Closing Date;
- the relevant Mortgage Loan is the subject of a material breach of an Originator Asset Warranty which is not rectified within 30 calendar days; or

- the relevant Mortgage Loan is the subject of a Product Switch made in breach of the Product Switch Conditions.

See the sections entitled "*The Originator Trust – Originator Trust Deed and Beneficiaries Deed - Reacquisition of beneficial interest in Mortgage Loans by the Originator*" for further information.

Consideration for reacquisition: The consideration payable by the Originator in respect of reacquisition of a Mortgage Loan and its Related Security shall be equal to the Current Balance of that Mortgage Loan (including all Arrears of Interest in respect of such Mortgage Loan) as at close of business on the Business Day preceding the date of the completion of the reacquisition, plus reasonable fees and expenses relating thereto.

Originator Power of Attorney: The Originator will grant the Originator Power of Attorney to the Issuer to permit the Issuer and/or the Trustee (or any delegate of the Issuer or the Trustee), upon the occurrence of a Power of Attorney Event, to take certain actions in the name of WBBS to, *inter alia*, ensure performance by WBBS of its obligations as Originator and Originator Trustee under the Originator Trust Deed and as Mortgage Administrator under the Mortgage Administration Agreement (including its covenants to enforce rights under the Mortgage Loans and collect amounts payable under or in respect of the Mortgage Loans).

See the section entitled "*The Originator Trust - Originator Power of Attorney*" for further information.

Delegation by Mortgage Administrator: The Mortgage Administrator may, with the consent of the Issuer, or following service of an Enforcement Notice, the Trustee, delegate or sub-contract some or all of its responsibilities and obligations under the Mortgage Administration Agreement. The consent of the Issuer or, following service of an Enforcement Notice, the Trustee will not be required where such delegation is to a wholly owned subsidiary of WBBS or to relevant professionals such as receivers or lawyers in accordance with the practices of a Prudent Mortgage Lender.

Following a Mortgage Administrator Delegation Event, the Mortgage Administrator is required to delegate all of its responsibilities and obligations under the Mortgage Administration Agreement to the Back-Up Mortgage Administrator.

The Mortgage Administrator remains liable at all times for servicing the Mortgage Loans and for the acts or omission of any delegate or sub-contractor. See the section entitled "*The Mortgage Administrator and the Mortgage Administration Agreement – Mortgage Administrator Delegation Events and appointment of delegate Mortgage Administrator*" for further information.

TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings	Possible effects of Ratings Trigger being breached include the following:
GIC Provider	Short-term, unsecured, unguaranteed and unsubordinated debt obligations must be rated at least F1 by Fitch and P-1 by Moody's and long-term, unsecured and unsubordinated debt must be rated at least A and not under "Rating Watch Negative" status by Fitch, or such other ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.	<p>The consequences of breach under the GIC Account Agreement include:</p> <ul style="list-style-type: none"> (a) a requirement to replace the GIC Provider or obtain a guarantee of the GIC Provider's obligations; and/or (b) the Issuer shall open a replacement GIC Account with a different entity with the Required Rating or, to the extent possible, take such other action as may be required by the relevant rating criteria of the Rating Agencies at such time, <p>within 30 days.</p>
Swap Providers (or any guarantor thereof)	Short-term, unsecured, unguaranteed and unsubordinated debt obligations must be rated at least F1 by Fitch and P-1 by Moody's and the long-term, unsecured and unsubordinated debt must be rated at least A and not under "Rating Watch Negative" status by Fitch, or such other ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.	<p>The consequences of breach under the Swap Agreements include the requirement to provide collateral or replace the relevant Swap Provider or procure a guarantee of such Swap Provider's obligations. If none of these remedial measures is taken within the timeframes stipulated in the relevant Swap Agreement, such Swap Agreement may be terminated early and a termination payment may become payable either by the Issuer or the relevant Swap Provider, as set out in more detail in "<i>Key Structural Features Termination of the Swap Agreements</i>".</p>
Collection Account Bank	Short-term, unsecured, unguaranteed and unsubordinated debt obligations must be rated at least F1 by Fitch and P-1 by Moody's and the long-term, unsecured and unsubordinated debt must be rated at least A and not under "Rating Watch Negative" status by Fitch, or such other ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.	<p>Under the Mortgage Administration Agreement, the Mortgage Administrator shall:</p> <ul style="list-style-type: none"> (a) open a replacement collection account in the name of the Originator with a different entity with the Required Rating; or (b) to the extent possible, take such other action as may be required by the relevant rating criteria of the Rating Agencies at such time, <p>within 30 days.</p>

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Cash Manager Events	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) default by the Cash Manager in payment of any amount due where such default is unremedied for 2 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 delivery of an Enforcement Notice, by the Trustee requiring the default to be remedied; or (b) the Cash Manager does not provide the Monthly Investor Report within the time period set out in the Cash Management Agreement; or (c) the Cash Manager does not provide such notices as are required to be given to the Paying Agent in respect of payments of interest and principal on the Notes by the time specified in the Agency Agreement; or (d) material non-compliance by the Cash Manager with other covenants or obligations where such non-compliance is unremedied for 20 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 delivery of an Enforcement Notice, by the Trustee requiring the default to be remedied; or (e) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement; or (f) Insolvency Event in relation to the Cash Manager. 	<p>Back-Up Cash Manager to be appointed as successor Cash Manager.</p>

<p>Mortgage Administrator Delegation Events See the section entitled "<i>The Mortgage Administrator and the Mortgage Administration Agreement – Mortgage Administrator Delegation Events and appointment of delegate Mortgage Administrator</i>" for further information.</p>	<p>The occurrence of any of the following:</p> <p>(a) default by the Mortgage Administrator in payment or transfer of any amount due where such default is not remedied for 30 days after the earlier of the Mortgage Administrator becoming aware of such default and the receipt by the Mortgage Administrator of written notice from the Issuer, the Originator or, following delivery of an Enforcement Notice, by the Trustee requiring the default to be remedied; or</p> <p>(b) material non-compliance by the Mortgage Administrator with other covenants or obligations which is materially prejudicial to the interests of Noteholders and not remedied for 30 days after the earlier of the Mortgage Administrator becoming aware of such default and the receipt by the Mortgage Administrator of written notice from the Issuer, the Originator or, following delivery of an Enforcement Notice, by the Trustee requiring the default to be remedied; or</p> <p>(c) Insolvency Event in relation to the Mortgage Administrator.</p>	<p>Performance of Mortgage Administration Services to be delegated to the Back-Up Mortgage Administrator.</p>
<p>Back-Up Mortgage Administrator Events See the section entitled "<i>The Mortgage Administrator and the Mortgage Administration Agreement – Back-Up Mortgage Administrator and Back-Up Mortgage Administrator Facilitator</i>" for further information.</p>	<p>The occurrence of any of the following:</p> <p>(a) delegation of the performance of the Mortgage Administration Services to the Back-Up Mortgage Administrator as delegate Mortgage Administrator; or</p> <p>(b) default by the Back-Up Mortgage Administrator in the performance or observance of any of its covenants and obligations under the Back-Up Mortgage Administration Agreement, which is materially prejudicial to the interests of the Noteholders, and not remedied for a period of 30 days after the earlier of the Back-Up Mortgage Administrator becoming aware of such default</p>	<p>(a) Successor Back-Up Mortgage Administrator to be appointed; and</p> <p>(b) if applicable, appointment of existing Back-Up Mortgage Administrator as Back-Up Mortgage Administrator to be terminated.</p>

	<p>and receipt by the Back-Up Mortgage Administrator of written notice from the Issuer, the Originator and/or, after delivery of an Enforcement Notice, the Trustee requiring the same to be remedied; or</p> <p>(c) Insolvency Event in relation to the Back-Up Mortgage Administrator.</p>	
<p>Mortgage Administrator Report Failure Event See the section entitled "<i>Key Structural Features - certain Available Issuer Revenue to be credited to the Mortgage Administrator Failure Reserve Fund following a Mortgage Administrator Report Failure Event</i>" for further information.</p>	<p>The Mortgage Administrator has failed to deliver a Mortgage Administrator Report in accordance with the Mortgage Administration Agreement and such failure is continuing.</p>	<p>Following the calculation of Issuer Revenue and Issuer Principal in accordance with Condition 8.12 (<i>Determinations and Reconciliation</i>), Available Issuer Revenue which would otherwise be applied in payment of: (i) interest and principal in respect of the Subordinated Loan; and (ii) Deferred Consideration will be credited instead to the Mortgage Administrator Failure Reserve Fund.</p>

FEES

The following table sets out the on-going fees to be paid by the Issuer to the Transaction Parties, and the expenses related to the admission to trading of the Notes.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Mortgage Administrator fees	0.15 per cent. per annum (inclusive of VAT, if any) of the aggregate Current Balance of the Mortgage Loans as of the last day of the immediately preceding Calculation Period	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Back-Up Mortgage Administrator Fees	£24,000 per annum (exclusive of VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Cash Manager fees	0.0025 per cent. per annum (inclusive of VAT, if any) on the Principal Amount Outstanding of the Notes as at the last day of the immediately preceding Interest Period	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Back-Up Cash Manager fees	£5,000 per annum (exclusive of VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at £31,500 each year (exclusive of VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Notes	£4,200 (exclusive of any applicable VAT)	N/A (funded by Subordinated Loan advance)	On or about the Closing Date

VAT is currently chargeable at 20%.

CERTAIN REGULATORY DISCLOSURES

The following outlines certain matters that may be relevant to some investors. It does not purport to be a comprehensive list of regulatory matters that pertain to investors. All investors are responsible for analysing their own regulatory position.

Please refer to "*Risk Factors – Impact of regulatory initiatives on certain investors*" for more information.

Article 122a of the Capital Requirements Directive

The Originator will undertake to the Issuer and the Trustee, on behalf of the Noteholders, to retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of Article 122a of the CRD2 ("**Article 122a**") (which does not take into account any implementing rules of the CRD2 in a relevant jurisdiction). As at the Closing Date, such interest will be comprised of an interest in the first loss tranche as required by Article 122a, the Originator will hold all the Class B Notes. The Originator will confirm its ongoing retention of the net economic interest described above in the Monthly Investor Reports and any change to the manner in which such interest is held will be notified to Noteholders.

The Originator will undertake in the Originator Trust Deed (in favour of the Trustee on behalf of the Secured Creditors) and has undertaken in the Subscription Agreement (in favour of the Joint Lead Managers) that it will, whilst any of the Notes remain outstanding: (i) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 122a; and (ii) in respect of its obligations under paragraph 7 of Article 122a, subject always to any requirement of law, provide access to such data as the Originator shall determine is "materially relevant data" (for the purposes of such paragraph) on an objective basis taking into account generally accepted market practice as to disclosure and reporting, guidance from or applicable to regulators to which it is subject and the requirements of Noteholders as a class, and provided always that the Originator will not be in breach of this undertaking if due to events, actions or circumstances beyond the Originator's control, the Originator is not able to comply with such undertaking.

Each prospective investor is required independently to assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 122a. Noteholders should specifically note that none of the Issuer, the Arranger, any Joint Lead Manager or any other Transaction Party makes any representation that the information described above or in this Prospectus or available generally is sufficient in any or all circumstances for such purposes. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of Article 122a in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Credit Rating Agency Regulation

Each of Moody's and Fitch is a credit rating agency established and operating in the European Community and registered under the CRA Regulation.

WEIGHTED AVERAGE LIFE OF THE NOTES

The average lives of the Notes cannot be stated, as the actual rate of repayment 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. The assumptions used to calculate the possible average lives of the Notes in the following table include that:

- (a) the Issuer exercises the Call Option on the Step-Up Date, in the first scenario, or the Issuer does not exercise the Call Option on or after the Step-Up Date, in the second scenario;
- (b) no Security has been enforced;
- (c) the Originator is not in breach of the terms of the Originator Trust Deed;
- (d) the Mortgage Loans amortise in accordance with their contractual repayment terms plus a CPR of between 0% and 35% per annum as indicated in the table below;
- (e) constant prepayment rate ("CPR") consists of only partial and full prepayments of the principal under the Mortgage Loans;
- (f) the initial Principal Amount Outstanding of the Class A1 Notes is £172m, the initial Principal Amount Outstanding of the Class A2 Notes is £128m and the initial Principal Amount Outstanding of the Class B Notes is £55m (in each case as rounded to the nearest million);
- (g) the weighted average lives of the Notes are calculated on a loan by loan basis or on a sub-account basis, as applicable, in respect of Mortgage Loans within the Provisional Mortgage Portfolio;
- (h) there is no debit balance on any of the sub-ledgers of the Principal Deficiency Ledger on any Interest Payment Date;
- (i) there is no Remaining Revenue Shortfall on any Interest Payment Date;
- (j) the Standard Variable Rate is equal to 5.84 per cent and the Bank of England base rate is equal to 0.5 per cent;
- (k) the assets of the Issuer are not sold by the Trustee;
- (l) no Enforcement Notice is served on the Issuer and no Event of Default occurs;
- (m) no Mortgage Loan is subject to a Product Switch;
- (n) no Further Advances are made by the Originator and the Originator is not required to reacquire any Mortgage Loans (including any Further Advances thereon since the Closing Date) in accordance with the Originator Trust Deed;
- (o) the Mortgage Loans continue to be fully performing;
- (p) the Mortgage Loans the subject of the Originator Trust consist of all the Mortgage Loans in the Provisional Mortgage Portfolio;
- (q) Available Issuer Revenue is not used to pay principal on the Notes; and
- (r) the Notes are issued on or about 30 April 2012.

Weighted average life of the Notes

CPR (%)	Assuming the Issuer exercises the Call Option on the Step-Up Date			Assuming the Issuer does not exercise the Call Option		
	Average Life of Class A1 Notes (years)	Average Life of Class A2 Notes (years)	Average Life of Class B Notes (years)	Average Life of Class A1 Notes (years)	Average Life of Class A2 Notes (years)	Average Life of Class B Notes (years)
0%	3.83	5.00	5.00	4.84	12.69	19.13
5%	2.86	5.00	5.00	2.94	9.14	16.57
10%	2.04	4.93	5.00	2.04	6.80	13.85
15%	1.55	4.55	5.00	1.55	5.27	11.48
20%	1.25	4.02	5.00	1.25	4.23	9.56
25%	1.05	3.47	5.00	1.05	3.49	8.06
30%	0.91	2.93	4.98	0.91	2.93	6.87
35%	0.81	2.51	4.77	0.81	2.51	5.91

Note: Average lives have been calculated on a 30:360 basis.

The assumptions above relate to circumstances which are not predictable. No assurance can be given that the Issuer will be in a position to redeem the Notes on the Step-Up Date. If the Issuer does not exercise its Call Option, then the average lives of then outstanding Notes will be extended.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see the section entitled "*Risk Factors – Credit Structure – Yield and prepayment considerations*" and "*The Mortgage Portfolio*".

USE OF PROCEEDS

The gross proceeds from the issue of the Notes are expected to amount to £339,100,000.

The Issuer will use the gross proceeds of the Notes to pay the Initial Consideration payable by the Issuer to the Originator for the Issuer Interest in the Originator Trust Property to be acquired on the Closing Date.

ISSUER

The Issuer was incorporated in England and Wales on 15 March 2011 (registered number 7565238) and is a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is +44(0)20 7389 6300.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, 49,998 shares of which are partly paid to £0.25 each, 2 of which are fully paid and all of which are beneficially owned by Holdings (see the section entitled "*Holdings*" below).

The Issuer was established as a special purpose vehicle for the purposes of issuing asset backed securities. The Issuer has no subsidiaries. The Originator does not own directly or indirectly any of the share capital of Holdings or the Issuer.

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 company under the Companies Act 2006 (as amended) and its change of name from Liontrail plc to Kenrick No. 1 plc, effective on 19 May 2011, and as a data controller under the Data Protection Act 1998, and to the proposed issue of the Notes 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) and no statutory accounts have been prepared or delivered to the Registrar of Companies on behalf of the Issuer as at the date of this Prospectus. The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus. The Issuer has no employees.

The accounting reference date of the Issuer is 31 March and the first statutory accounts of the Issuer will be drawn up to 31 March 2012.

Under the Corporate Services Agreement, Structured Finance Management Limited as Corporate Services Provider, will provide to the Issuer certain directors and other corporate services in consideration for the payment by the Issuer of an annual fee to the Corporate Services Provider. The registered address of the Corporate Service Provider is 35 Great St. Helen's London EC3A 6AP, which is also the business address for each of SFM Directors Limited, SFM Directors (No. 2) Limited and Claudia Wallace.

Directors and secretary

The following table sets out the directors of the Issuer and their respective business addresses and occupations.

Name	Business address	Business Occupation
SFM Directors Limited	35 Great St Helen's, London EC3A 6AP	Corporate Director
SFM Directors (No. 2) Limited	35 Great St Helen's, London EC3A 6AP	Corporate Director
Claudia Wallace	35 Great St Helen's, London EC3A 6AP	Director

The directors and secretaries of each of SFM Directors Limited and SFM Directors (No. 2) Limited and their principal activities are as follows:

Name	Business address	Principal activities/business occupation
Jonathan Keighley	35 Great St Helen's, London EC3A 6AP	Director
James Macdonald	35 Great St Helen's, London EC3A 6AP	Director
Robert Berry	35 Great St Helen's, London EC3A 6AP	Director

Name	Business address	Principal activities/business occupation
J-P Nowacki	35 Great St Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St Helen's, London EC3A 6AP	Director
Jocelyn Coad	35 Great St Helen's, London EC3A 6AP	Director
Debra Parsall	35 Great St Helen's, London EC3A 6AP	Company Secretary
Michael Drew	35 Great St Helen's, London EC3A 6AP	Company Secretary

The company secretary of the Issuer is SFM Corporate Services Limited whose principal office is at 35 Great St. Helen's London EC3A 6AP.

HOLDINGS

Holdings was incorporated in England and Wales on 28 January 2011 (registered number 7509614) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 35 Great St. Helen's, London EC3A 6AP. The telephone number of Holdings' registered office is +44(0)20 7389 6300.

The issued share capital of Holdings comprises one ordinary share of £1.

The entire beneficial interest in the share of Holdings is beneficially owned by SFM Corporate Services Limited (the "**Share Trustee**") on a discretionary trust.

Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

The Originator does not own directly or indirectly any of the share capital of Holdings, neither the Originator nor any company connected with the Originator can direct the Share Trustee, and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

The principal objects of Holdings are set out in its memorandum of association and are, among other things, to acquire and hold, by way of investments or otherwise, and deal in or exploit, in such manner as may from time to time be considered expedient, all or any part of any securities or other interests of or in the Issuer.

Holdings has not engaged in any other activities since its incorporation other than changing its name from Giraffecourt Limited to Kenrick No. 1 Holdings Limited and those incidental to the authorising of the Transaction Documents to which it is or will be a party and other matters which are incidental to those activities. Holdings has no employees.

Directors

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
SFM Directors Limited	35 Great St Helen's, London EC3A 6AP	Corporate Director
SFM Directors (No. 2) Limited	35 Great St Helen's, London EC3A 6AP	Corporate Director
Claudia Wallace	35 Great St Helen's, London EC3A 6AP	Director

The directors and secretaries of SFM Directors Limited and SFM Directors (No. 2) Limited and their respective occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Jonathan Keighley	35 Great St Helen's, London EC3A 6AP	Director
James Macdonald	35 Great St Helen's, London EC3A 6AP	Director
Robert Berry	35 Great St Helen's, London EC3A 6AP	Director
J-P Nowacki	35 Great St Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St Helen's, London EC3A 6AP	Director
Jocelyn Coad	35 Great St Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St Helen's, London EC3A 6AP	Director

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Debra Parsall	35 Great St Helen's, London EC3A 6AP	Company Secretary
Michael Drew	35 Great St Helen's, London EC3A 6AP	Company Secretary

The company secretary of Holdings is SFM Corporate Services Limited, whose registered office is at 35 Great St. Helen's, London EC3A 6AP.

The accounting reference date of Holdings is 31 March.

WEST BROMWICH BUILDING SOCIETY

Form, Status and Ownership

West Bromwich Building Society (the "**Society**") was formed on 23 April 1849. The Society (with registered number 651B) is incorporated in England under the Building Societies Act 1986 (the "**Act**") for an unlimited duration and is treated as having permission under Part IV of the FSMA to carry out all of the regulated activities which it was authorised to carry out under the Act prior to 1 December 2001.

The principal office of the Society is 374 High Street, West Bromwich, West Midlands B70 8LR. Its telephone number is 0121 525 7070.

As at 31 March 2011, based on its asset value the Society was the sixth largest building society in the United Kingdom with Group assets of £7.5 billion. The Society currently operates 39 branches. The Society is committed to being run for the benefit of the members, both present and future. It strongly supports the concept of mutuality by seeking to give additional value to borrowers and investors and the communities it serves.

The Society has approximately 600,000 members. So far as is known to the Society, no persons, directly or indirectly, jointly or severally, exercise control over the Society.

The Society, as a building society, is a mutual organisation and, unlike a company incorporated under the Companies Act 2006, does not have equity shareholders in the usual sense. A share in the Society is not the same as a share in a company and voting power is not weighted according to the number or value of shares held. No individual member is entitled to more than one vote on any resolution proposed at a general meeting. A shareholding member may withdraw funds from their share accounts subject to the Rules of the Society and the terms upon which their shares are issued.

Business

The figures stated in this section relating to the business of the Society relate to the Group except where otherwise stated.

General

The Society operates in accordance with the Act, regulations made thereunder and the rules and the memorandum of the Society. The principal purpose of the Society as set out in clause 3 of its memorandum is to make loans that are secured on residential property and are funded substantially by its members. The Group's principal operating objective is to be a high-quality provider of building society services of retail savings and mortgages.

The Group obtains funds from the retail market through a range of variable rate and fixed rate/fixed term accounts. The Group also raises funds in the wholesale money markets and has previously arranged both medium-term funding and bilateral and syndicated bank facilities.

Funds are advanced primarily to borrowers on the security of first mortgages on freehold and leasehold residential property. The Society also lends to borrowers on the security of commercial property, and typically holds around 20 per cent. of its assets in money market instruments to provide operating liquidity.

The Society interacts with its customers through a range of sales channels including branch, telephone, post, internet and broker introductions.

Subsidiaries

The Society has three main subsidiaries: West Bromwich Mortgage Company Limited, West Bromwich Homes Limited and West Bromwich Commercial Limited.

West Bromwich Mortgage Company Limited provides a vehicle for non-member residential lending. The assets within the Mortgage Company were obtained through a variety of mortgage book acquisitions and intermediary lending.

West Bromwich Homes Limited owns residential properties that are made available for rent to provide income for the Group.

West Bromwich Commercial Limited provides mortgage loans to fund the purchase and refinancing of commercial investment properties.

As part of the Society's "Back to Basics" strategy, the Group ceased lending in material terms through West Bromwich Mortgage Company Limited and West Bromwich Commercial Limited in 2009 and run-off of these non-core operations continues to be carefully managed.

Mortgage Lending Activities

The Society competes in the mortgage market by providing a range of competitive fixed and variable rate products. The Society has both very strong underwriting skills and good monitoring systems in place in accordance with the Society's prudential obligations to ensure underwriting is carried out in accordance with the Society's policy.

Management – Board of Directors

The affairs of the Society are conducted and managed by a Board of Directors (the "**Board**") who are responsible for the Society's strategy and are elected and serve in accordance with the Society's rules and Memorandum. The Board is responsible to the members for the proper conduct of the affairs of the Society and in turn appoints and monitors executives who are responsible for the daily management of the Society.

The business address of the Society's Directors is at 374 High Street, West Bromwich, West Midlands, B70 8LR. There are no potential conflicts between the duties to the Society of the Directors and their private interests and/or other duties. The members of the Board are as follows:

<i>Director/Date of Birth</i>	<i>Responsibility</i>	<i>Date of Appointment</i>
Mark Nicholls (05/05/49)	Chairman	01/01/10
Martin Ritchley (01/07/46)	Non-Executive Director	01/09/09
Richard Sommers (04/09/56)	Non-Executive Director	01/10/09
Mark Gibbard (31/08/61)	Group Finance Director	16/02/11
Andrew Jones (21/04/57)	Group Risk Director	24/11/10
Jonathan Westhoff (11/07/64)	Chief Executive	05/05/08
John Ainley (28/09/56)	Non-Executive Director	28/04/11
Mark Preston (11/02/60)	Non-Executive Director	28/04/11
Claire Hafner (24/06/59)	Non-Executive Director	01/09/11
Colin Walklin (09/05/54)	Non-Executive Director	19/07/11

THE MORTGAGE PORTFOLIO

THE MORTGAGE LOANS

Introduction

The following is a description of some of the main characteristics of the Mortgage Loans in the Mortgage Portfolio originated by the Originator including details of loan types, the underwriting process, lending criteria and selected statistical information.

The Originator will select the mortgage loans for transfer into the Provisional Mortgage Portfolio using a system containing defined data on each of the qualifying loans in the Originator's overall portfolio of loans available for selection. This system allows the setting of exclusion criteria, among others corresponding to relevant Originator Asset Warranties that the Originator makes in the Originator Trust Deed in relation to the Mortgage Loans (see the section entitled "*The Originator Trust – The Originator Trust Deed and Beneficiaries Deed – Originator Trust Property – Representations and Warranties*" below). Once the criteria have been determined, the system identifies all mortgage loans owned by the Originator that are consistent with the criteria. From this subset, the mortgage loans have been selected at random until the target balance for the Provisional Mortgage Portfolio has been reached. The selected pool of mortgage loans is monitored by the Originator so that the Mortgage Loans in the Mortgage Portfolio (which are again selected at random from the mortgage loans in the Provisional Mortgage Portfolio) continue to comply with the relevant criteria on the Closing Date.

No Mortgage Loan will be delinquent or non-performing at the Closing Date.

Characteristics of the Mortgage Loans

Repayment terms

The Mortgage Loans in the Mortgage Portfolio are one of the following:

- a "**Repayment Loan**" where the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan matures, the full amount of the principal of the Mortgage Loan will have been repaid;
- an "**Interest-only Loan**" where the Borrower makes monthly payments of interest but not of principal so that, when the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still outstanding and is payable in one lump sum; or
- a combination of both these options.

In the case of either Repayment Loans or Interest-only Loans, the required monthly payment may alter from month to month for various reasons, including changes in interest rates.

For Interest-only Loans, because the principal is repaid in a lump sum at the maturity of the Mortgage Loan, the Borrower is advised to put in place some provisions for repayment (such as an investment plan) which are intended to provide sufficient funds to repay the principal at the end of the term. Alternatively the Borrower may also sell the property to repay the principal at the end of the term.

Principal prepayments may be made in whole or in part at any time during the term of a Mortgage Loan, subject to the payment of any Early Repayment Charges (as described in the section entitled "*The Mortgage Portfolio – The Mortgage Loans - Characteristics of the Mortgage Loans - Early Repayment Charges*"). Any prepayment of the entire outstanding balance of a Mortgage Loan discharges the Mortgage and any other Related Security. Any prepayment in full must be made together with all Accrued Interest, any Arrears of Interest, any unpaid expenses (such as insurance premiums and fees) and any applicable Early Repayment Charge(s).

Payment methods

All payments on the Mortgage Loans must be made in Sterling and the majority of the payments are made by direct debit instruction (DDI) through the UK direct debit system from a bank or building society account.

Types of loan and interest rate setting

The Mortgage Loans in the Mortgage Portfolio are one of the following:

- a "**Fixed Rate Loan**", which is subject to a fixed rate of interest;
- a "**Variable Rate Loan**", which is subject to a variable base rate of interest (the "**Standard Variable Rate**"), which is administered, at the discretion of the Originator, by reference to the general level of interest rates and competitive forces in the United Kingdom mortgage market;
- a "**Tracker Rate Loan**", which is subject to a variable interest rate other than the Standard Variable Rate. The interest rate will be set at a fixed margin above, or the same rate as, the base rate set by the Bank of England;
- a "**Discounted Variable Rate Loan**", which is subject to an interest rate set at a fixed margin below the Standard Variable Rate;
- a "**Discounted Tracker Rate Loan**", which is subject to an interest rate set at a fixed margin below the variable interest rate other than the Standard Variable Rate; and
- a combination of these options.

The Fixed Rate Loans, Discounted Variable Rate Loans and Discounted Tracker Rate Loans are known as the "**Special Rate Loans**". Each of the rates offered under the Special Rate Loans are offered for a predetermined period, usually between one and five years, at the commencement of the term of the Mortgage Loan (the "**Product Period**"). At the end of the Product Period the rate of interest charged will either move to: (a) another interest rate type for a predetermined period; (b) the Standard Variable Rate; or (c) the interest rate of a Tracker Rate Loan. In certain instances, Early Repayment Charges are payable by the Borrower if the Mortgage Loan is redeemed within the Product Period. See the section entitled "*The Mortgage Portfolio – The Mortgage Loans - Characteristics of the Mortgage Loans - Early Repayment Charges*" below.

Interest rates for Tracker Rate Loans are re-set following any adjustment to the Bank of England base rate by the Bank of England's monetary policy committee. Any changes are applied to Tracker Rate Loans from the first day of the month following the change to the Bank of England base rate, unless the change to the base rate is made after the 13th day of the month, in which case changes will be applied to the Tracker Rate Loans on the first day of the second month following the change to the Bank of England base rate.

The Standard Variable Rate can be reduced at any time and for any reason. The Originator can increase the Standard Variable Rate if it reasonably believes the increase is needed, for example, for any of the following reasons: (a) to take account of a change in the Bank of England base rate; (b) to take account of a change in the Originator's funding costs; (c) to enable the Originator to pay competitive interest rates to its investors and providers of funds; (d) to take account of an increase in costs reasonably incurred by the Originator in operating its mortgage business; (e) to maintain the Originator's financial strength; (f) to harmonise interest rates following the acquisition of mortgage loans or another mortgage provider by the Originator; or (g) to take account of changes in the law or its interpretation or decisions, guidance or recommendations of an ombudsman or regulator. The Originator can also increase the Standard Variable Rate for any other reason where it reasonably believes the change is appropriate, although this will give the Borrower the right to prepay its Mortgage Loan without any charge for early repayment.

Early Repayment Charges

The Borrower may be required to pay an Early Repayment Charge if certain events occur during the predetermined Product Period and the mortgage offer states that the Borrower is liable for Early Repayment Charges. These events include a full or partial unscheduled repayment of principal or an agreement between the Originator and the Borrower to switch to a different mortgage product. If all or part of the principal owed by the Borrower (other than the scheduled Monthly Payments falling due before the end of the Product Period) is repaid before the end of the Product Period, the Borrower may be liable to pay to the Originator all or part of an Early Repayment Charge based on the amount of principal borrowed at the outset of the mortgage (if a mortgage is redeemed in part, then a proportionate part of the Early Repayment Charge set out in the Offer Conditions is payable).

The Mortgage Administrator will be given the right, acting as a Prudent Mortgage Lender, to waive the payment of any Early Repayment Charges by a Borrower.

Incentives

At the point of origination of the Mortgage Loans in the Mortgage Portfolio, the Originator may have offered some Borrowers incentives such as cashback, free valuations and payment of legal fees. The Originator has given a representation and warranty in the Originator Trust Deed that there will be no Mortgage Loans in the Mortgage Portfolio under which the Originator has not satisfied its obligations in relation to any such incentives.

Overpayments, Underpayments and Payment Holidays

Some Mortgage Loans may be subject to a range of options that give the Borrower greater flexibility in the timing and amount of payments under each Mortgage Loan. The Mortgage Loans may offer one or more of the features described below, subject to certain conditions and financial limits:

Overpayments – Borrowers may either increase their regular Monthly Payments above the normal Monthly Payment then applicable or make lump sum payments at any time (usually up to a maximum overpayment of 10 per cent. per annum of the Initial Advance under the Mortgage Loan); the amounts paid in addition to scheduled Monthly Payments being "**Overpayments**".

Underpayments – where Borrowers have previously overpaid, they may reduce their Monthly Payments below the amount of the applicable Monthly Payment or make an irregular underpayment, the difference between the amounts actually paid and scheduled Monthly Payments being "**Underpayments**". Borrowers are not permitted to make Underpayments that exceed, in aggregate, the total of previous Overpayments.

Payment Holidays – Borrowers may apply for a break from making Monthly Payments, up to a maximum of six months; approval of such application and the determination of such period are at the discretion of the Mortgage Administrator, acting as a Prudent Mortgage Lender.

Overpayments and Underpayments

Any Overpayments will be treated as prepayments of principal on the Mortgage Loans. If Borrowers make an Overpayment, the balance on their Mortgage Loan will be reduced. The Originator will charge interest on the reduced balance, which reduces the amount of interest the Borrower must pay.

Borrowers may underpay to the extent of previous Overpayments. Missed payments or Underpayments are rolled up and added to the Current Balance of the Mortgage Loan, and must be repaid over the remaining life of the Mortgage Loan unless the Originator and the Borrower agree to extend the term of the Mortgage Loan.

Payment holidays

The Mortgage Administrator will review Borrowers' requests for payment holidays in accordance with their individual circumstances and the terms and conditions of their Mortgage Loan.

Where the terms and conditions of the Mortgage Loan provide a payment holiday facility, the Borrower must first have made Overpayments, in the sum of the amount to be taken as a payment holiday, followed by submission of a formal request to the Mortgage Administrator to utilise the facility. The Mortgage Administrator will then agree/decline the payment holiday request.

Where the Borrower is experiencing short-term financial difficulties, a payment holiday is included in the Mortgage Administrator's basket of measures to assist the Borrower. In order to review the appropriateness of agreeing a short term payment holiday, the Mortgage Administrator will require a full income and expenditure breakdown from the Borrower with supporting evidence, an understanding of the change in the Borrower's circumstances and an agreement about what will happen after the expiry of the payment holiday and how the resulting arrears will be cleared. If a payment holiday is agreed, the Mortgage Loan will go into arrears by the sums not paid under the payment holiday agreement. For example, where the monthly payment is £500, a payment holiday for two months would result in arrears

of £1000, which would need to be cleared by a pre-agreed arrangement to pay which will take effect at the end of the payment holiday.

Further drawings

The Originator has given a representation and warranty that no Borrower has the right to make further drawings under any Mortgage Loan.

Further advances

Prior to a Mortgage Administrator Delegation Event, the Mortgage Administrator may exercise its discretion to make a Further Advance following a request from an existing borrower. All Further Advances will be funded solely by the Originator.

If a Mortgage Loan is subject to a Further Advance after being sold to the Issuer, the Originator will be required to reacquire the beneficial interest in the Mortgage Loan and its Related Security from the Originator Trustee in accordance with the Originator Trust Deed (see the section entitled "*The Originator Trust - Reacquisition of beneficial interest in Mortgage Loans by the Originator*").

Product switches

Prior to the Step-Up Date and the occurrence of an Insolvency Event in respect of WBBS, WBBS as Mortgage Administrator may send an offer of a variation, or accept a request from a Borrower to vary the financial terms and conditions applicable to the Borrower's loan. Any such variation (subject to certain exceptions) is called a "**Product Switch**". A Mortgage Loan which is subject to a Product Switch may remain included in the Originator Trust Property subject to the conditions contained in the Mortgage Administration Agreement (see the section entitled "*The Mortgage Administrator and the Mortgage Administration Agreement – Product Switches and amendments to Mortgage Loans – Product Switches*").

If a Mortgage Loan is subject to a Product Switch which breaches the Product Switch Conditions, the Originator will be required to reacquire the beneficial interest in the Mortgage Loan and its Related Security from the Originator Trustee in accordance with the Originator Trust Deed (see the section entitled "*The Originator Trust - Reacquisition of beneficial interest in Mortgage Loans by the Originator*").

Origination channels

The Originator derives its mortgage-lending business from its branch network throughout the United Kingdom, from intermediaries, from internet applications and from telephone sales.

Right-to-buy scheme

The Originator has given a representation and warranty that no Mortgage Loan was originated under the right-to-buy schemes governed by the Housing Act 1984 (as amended by the Housing Act 2004).

Underwriting

Mortgage Loans are approved by processors or underwriters according to the relevant mandate levels and the Lending Criteria of the Originator at the time.

All mortgage underwriting decisions, whether completed at the point of sale or in a servicing centre, are subject to internal monitoring by the Originator in order to ensure the Originator's procedures and policies regarding underwriting are being followed by staff.

Lending criteria

Each Mortgage Loan was originated according to the Originator's Lending Criteria applicable at the time the Mortgage Loan was offered, which included some or all of the criteria set out in this section.

(a) *Property - location*

Each property on which a mortgage loan is secured is situated in either England or Wales.

(b) *Property - Borrower's title*

Each property is a freehold or leasehold residential property, the legal title to which is vested in the borrower and is a good and marketable title.

(c) *Property – leasehold term*

In the case of a leasehold residential property, the term of the lease must exceed the term of the mortgage loan by at least 30 years.

(d) *Property - valuation*

A valuation report is required, to be performed by a panel valuer, being an Associate or Fellow of the Royal Institution of Chartered Surveyors with a minimum of 2 years' post-qualified experience at the time of such valuation who is listed in the Originator's panel of valuers (or in limited circumstances one of the Originator's own surveyors) or is otherwise acceptable to the Originator acting as a Prudent Mortgage Lender. In some cases, the Originator previously also used automated valuation models subject to certain criteria being satisfied.

There has been no revaluation of the properties for the purpose of the issue of the Notes and the valuations quoted are as at the date of the original mortgage loan or, if later, at the most recent advance date.

(e) *Property - construction*

The property must be of a traditional construction (as defined by the valuer), in a satisfactory condition and of a suitable type. For properties less than ten years old, a suitable certificate or guarantee is required.

(f) *Property - occupiers*

Each Borrower must disclose the details of every person who, at the date upon which the mortgage loan is entered into has attained the age of 17 and is in or about to be in actual occupation of the relevant property and each such person must either be named as a borrower or have signed a deed of consent in the form of the pro forma contained in the Standard Documentation which was applicable at the time the mortgage was executed and which has the effect of postponing any present or future rights or interests he or she may have or acquire over or in respect of the relevant property, and making such rights and interests subject to the rights, interests and remedies of the Originator under the relevant mortgage.

(g) *Property – use*

A mortgage loan will not be granted in relation to property which is used for commercial purposes (other than on an informal basis e.g. use of a room as an office).

(h) *Mortgage Loan - loan to value ratio*

In the case of an initial advance, the LTV is calculated by dividing the initial principal amount advanced at completion of the mortgage loan (excluding any completion fees) by the lesser of the valuation (as provided in the relevant Valuation Report) or the purchase price of the property. For the purpose of calculating the applicable LTV, any builder's deposit or incentives are accounted for in the relevant valuation or deducted from the relevant purchase price.

In the case of a further advance, the LTV may be calculated by reference to a indexed valuation (in respect of the valuation in the Valuation Report provided in respect of the Initial Advance, or at the date of the most recent advance) or an actual valuation (provided in a Valuation Report delivered at the date of the further advance).

What is an acceptable LTV will depend on the nature of the product and borrowers (e.g. first time buyers), the value of the property and the credit rating of the borrowers.

(i) *Mortgage Loan – repayment methods*

Mortgage Loans may be repayment loans, interest-only loans or a combination of repayment loans and interest only loans.

(j) *Loan - term*

Mortgage loans usually have a term of up to 25 years. Mortgage loans with a term of up to 40 years are considered on a repayment (capital and interest) basis only.

(k) *Borrower - capacity and status*

Borrowers must all be private individuals. Borrowers must have a minimum age of 18 and must have been in continuous employment for at least six months (or twelve months for first time buyers).

(l) *Borrower - credit history*

The borrower's credit and employment history may be assessed with the aid of one or more of the following:

- (i) electoral register or other proof of occupancy;
- (ii) full credit search for the previous three years supplied by a credit reference agency;
- (iii) copy of the most recent pay slips, P60s, personal and or business bank statements, employment contracts and/or confirmation of salary details from employer;
- (iv) historical business accounts (for example if self-employed/owner of limited company), audited by qualified accountants where applicable; or
- (v) previous mortgage statements.

(m) *Borrower – income and affordability*

Prior to making a lending decision, a full income and expenditure assessment will be carried out to calculate free disposable income to ensure that the offered mortgage loan is affordable for the relevant borrower at the time and will continue to be affordable for the relevant Borrower until maturity of the offered mortgage loan. Affordability and reasonableness checks are carried out to validate income and expenses.

Lending decisions are based on an assessment of affordability for each individual application. Consideration is given to the lifestyle and spending pattern of applicants and consideration is given to long-term affordability to allow for future rate increases. FSA guidelines on responsible lending require that lenders no longer rely on standard income multiples across the board. Prior to 2008, the Originator employed standard income multiples as part of its lending criteria.

(n) *Borrower – deposit*

Applicants are required to declare that their deposit was funded by their own means. The Originator also accepts a builder paying a deposit of up to 5% on new build properties, plus legal costs up to £1000, stamp duty costs of 1% and the value of white goods and carpets.

Underwriting exceptions

On a case-by-case basis WBBS may have determined that, based upon compensating factors, an applicant that did not strictly qualify under its Lending Criteria at that time warranted an underwriting exception. Compensating factors may be considered including, but not limited to, a low LTV ratio, overall affordability position and track record with the organisation. Any such exceptions would have been approved by a senior underwriter of WBBS.

Insurance policies

Insurance on the property

A Borrower is required to insure the Mortgaged Property with buildings insurance. The insurance may be purchased through the Originator or, alternatively, the Borrower or landlord (in the case of a leasehold property) may arrange for the buildings insurance independently. In either case, the Borrower must ensure that the payment of buildings insurance premiums is kept up to date.

If the Borrower does not insure the property, or insures but not in accordance with the Mortgage Conditions, the Originator may, upon becoming aware of the same, insure the property itself, in which case the Originator may determine who the insurer will be, what will be covered by the policy, the amount of the sum insured and any excess. The Originator retains the right to settle all insurance claims on reasonable terms without the Borrower's consent. The Originator's current policy is that in most cases where it becomes aware that a property is not insured, it will not arrange insurance cover except where the property is in its possession (see the section entitled "*The Mortgage Portfolio – The Mortgage Loans – Insurance Policies - Properties in possession cover*" below). The Originator also has an indemnity policy in place to protect it against certain damage that may occur to a Mortgaged Property where the Borrower has failed to insure against such damage in accordance with the Mortgage Conditions. The Originator's indemnity policy is periodically reviewed and/or amended by the Originator in accordance with the standards of a Prudent Mortgage Lender.

Properties in possession cover

When a mortgaged property is taken into possession by the Originator, the Originator will arrange appropriate insurance cover. The policy will only offer cover if the mortgaged property is deemed an acceptable insurable risk based on the then current criteria of the insurance provider. The Originator may claim under such policy for any insured damage occurring to the mortgaged property while in the Originator's possession.

The Originator will make claims in accordance with the Originator's policy and transfer the Issuer's Interest in such proceeds relating to the Mortgage Loans to the Issuer.

In the Originator Trust Deed, the Originator has agreed to make and enforce claims under the relevant policies and to hold the Issuer's Interest in such proceeds of claims on trust for the Issuer or as the Issuer or Trustee may direct.

Governing law

Each of the Mortgage Loans is governed by English law.

THE ORIGINATOR TRUST

Originator Trust Deed and Beneficiaries Deed

Pursuant to the Originator Trust Deed to be entered into between the Originator, the Originator Trustee, the Originator Beneficiary and the Issuer on the Closing Date, WBBS as Originator will declare a trust over the Originator Trust Property in favour of the Issuer and the Originator Beneficiary and will act as trustee in respect of the Originator Trust.

The beneficial interest of the Issuer under the Originator Trust is referred to as the "**Issuer Interest**" and is an undivided share of 99 per cent. in the Originator Trust Property. The beneficial interest of WBBS as Originator Beneficiary under the Originator Trust is referred to as the "**Originator Interest**" and is an undivided share of 1 per cent. in the Originator Trust Property.

The Issuer Interest will entitle the Issuer to an amount equal to 99 per cent. of the amounts received by the Originator Trustee in respect of the Mortgage Portfolio comprised in the Originator Trust Property. The Originator Interest will entitle the Originator Beneficiary to an amount equal to 1 per cent. of the amounts received by the Originator Trustee in respect of the Mortgage Portfolio comprising the Originator Trust Property.

Consideration

Under the Originator Trust Deed, the Issuer will pay the Originator in consideration of the Issuer Interest, an amount equal to the aggregate of:

- (a) the Initial Consideration (which will be payable on the Closing Date), being an amount equal to 99 per cent. of the aggregate of the Current Balance less Accrued Interest in relation to each of the Mortgage Loans on the Closing Date; and
- (b) the Deferred Consideration, after the Closing Date and in accordance with the relevant Payments Priorities.

Deferred Consideration

Following the Closing Date, prior to the service of an Enforcement Notice and while there is no Mortgage Administrator Report Failure Event that is continuing, Available Issuer Revenue will be applied, after payment of all other items included in the Pre-Enforcement Revenue Payments Priorities on each Interest Payment Date, as Deferred Consideration in accordance with the Pre-Enforcement Revenue Payments Priorities.

If a Mortgage Administrator Report Failure Event is continuing, Available Issuer Revenue that would otherwise be payable as Deferred Consideration will instead be credited to the Mortgage Administrator Failure Reserve Fund.

Following the Closing Date and after the service of an Enforcement Notice, Post Enforcement Issuer Amounts will be applied, after payment of all other items included in the Post Enforcement Payments Priorities as Deferred Consideration.

Originator Trust Property

Under the Originator Trust, WBBS (as Originator Trustee) will hold on trust for itself (as the Originator Beneficiary) and the Issuer (both of whom shall be absolutely entitled as against the Originator Trustee) the following property in respect of the Mortgage Loans (the "**Originator Trust Property**"):

- (a) all of the Originator's Benefit in, to and under all Mortgage Loans;
- (b) all of the Originator's Benefit in, to and under all monies due or to become due in payment of such Mortgage Loans, comprising accrued and unpaid Revenue Receipts and Principal Receipts;
- (c) all of the Originator's Benefit in, to and under all monies relating to such Revenue Receipts and Principal Receipts and income, if any, earned on such monies;

- (d) WBBS' beneficial interest in the Collection Account Declaration of Trust in its capacity as trustee of the Originator Trust;
- (e) all of the Originator's Benefit in and to all Related Security and any other rights relating to the Mortgage Loans (including but not limited to any rights to receive payment under the Insurance Policies); and
- (f) all Reacquisition Amounts received by the Originator Trustee.

Representations and Warranties

Neither the Issuer nor the Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Loans and/or their Related Security. Instead, each is relying entirely on the Originator Asset Warranties contained in the Originator Trust Deed in relation to each Mortgage Loan and given by the Originator on the Closing Date. The Originator Asset Warranties include the following representations and warranties:

- (a) each Mortgage Loan was originated by the Originator in Sterling and is denominated in Sterling;
- (b) each Mortgage Loan was made no earlier than 1 April 2001 and no later than 31 December 2009;
- (c) the final maturity date of each Mortgage Loan is no later than January 2041;
- (d) no Mortgage Loan has a Current Balance of more than £750,000;
- (e) no Mortgage Loan had at the date of the Initial Advance, or at the date of any Further Advance, a Current Balance greater than 95 per cent. of the most recent valuation of the Property;
- (f) prior to the making of each advance under a Mortgage Loan, the Lending Criteria and all preconditions to the making of such advance were satisfied in all material respects subject only to exceptions made on a case by case basis as would be acceptable to a Prudent Mortgage Lender;
- (g) other than with respect to monthly payments, no Borrower is or has, since the date of the relevant Mortgage, been in material breach of any obligation owed in respect of the relevant Mortgage Loan or under the Related Security and accordingly no steps have been taken by the Originator to enforce any Related Security;
- (h) no amount of arrears of interest or principal on any Mortgage Loan has been outstanding during the 36 months immediately preceding the Closing Date;
- (i) all of the Borrowers are individuals and were aged 18 years or older at the date of execution of the Mortgage;
- (j) no Borrower has the right to require a Further Advance under the Mortgage Conditions of any Mortgage Loan;
- (k) there are no Mortgage Loans in the Mortgage Portfolio in respect of which the Originator has not satisfied all of its obligations in relation to any incentives such as cash backs, free valuations or payment of legal fees offered to the Borrower at the point of the Initial Advance or any Further Advance under such Mortgage Loan;
- (l) there are no current rights of the Borrowers to reduce the amount payable in respect of any Mortgage Loan by way of set-off or otherwise;
- (m) except where the offer of the relevant Mortgage Loan was approved by a senior underwriter in accordance with the Lending Criteria, no Mortgage Loan has been made to a Borrower who is the subject of a County Court Judgment: (i) which was handed down within a period of three years before origination of such Mortgage Loan; or (ii) at any time for a sum greater than £250;
- (n) no Mortgage Loan has been made to a Borrower who is an employee of the Originator;
- (o) each Mortgage Loan is payable on a monthly basis and at least two monthly payments have been made in respect of each Mortgage Loan;

- (p) the whole of the outstanding principal balance on each Mortgage Loan, together with any Arrears of Interest, all Accrued Interest and all fees, costs, expenses and any other amounts payable in relation to such Mortgage Loan, is secured by a Mortgage;
- (q) each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage over the relevant property, subject only in certain appropriate cases to applications for registrations at the Land Registry which were required to have been made and are pending and (in relation to such cases) the Originator is not aware of any notice or any other matter that would prevent such registration;
- (r) each Mortgage Loan and its related Mortgage was executed substantially on the terms of the Standard Documentation without any material variation thereto other than in the case of a single Mortgage Loan and its related Mortgage which was separately diligenced;
- (s) each Mortgage Loan is a regulated mortgage contract as defined by Article 61(3)(a) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and subject to the provisions of MCOB and the Originator has complied with its obligations under the FSMA (including without limitation, MCOB) in connection with the origination and administration of such Mortgage Loan;
- (t) all of the Mortgaged Properties are in England or Wales;
- (u) not more than 12 months prior to the grant of each Mortgage, the Originator received a Valuation Report on the relevant property (or another form of report concerning the valuation of the relevant property as would be acceptable to a Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Prudent Mortgage Lender;
- (v) prior to the grant of each Mortgage (other than in certain circumstances where a remortgage has been granted in accordance with a bulk conveyancing arrangement), the Originator: (a) instructed its solicitor or licensed conveyancer to carry out an investigation of title to the relevant property and to undertake other searches, investigations, enquiries and other actions on behalf of the Originator in accordance with the instructions which the Originator issued to the relevant solicitor or licensed conveyancer, subject only to those variations as would be acceptable to a Prudent Mortgage Lender; and (b) received a certificate of title from such solicitor, licensed conveyancer or qualified conveyancer relating to such property, the contents of which would have been acceptable to a Prudent Mortgage Lender at that time;
- (w) to the best of the Originator's knowledge, insurance cover for each Property is available, to the full reinstatement cost indicated in the Valuation Report, under either a policy arranged by the Borrower or a seller-introduced insurance policy or a policy arranged by the relevant landlord;
- (x) the Originator has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be made subject to the Originator Trust under the Originator Trust Deed;
- (y) so far as the Originator is aware no bankruptcy order has been made against any Borrower and no Borrower has applied for an individual voluntary arrangement in the period 6 years immediately prior to the point of origination of the relevant Mortgage Loan;
- (z) each Mortgage Loan and its Related Security is valid, binding and enforceable in accordance with its terms and is non-cancellable except in relation to any term in any Mortgage Loan or in its Related Security, in each case, which is not binding by virtue of the UTCCR as amended, extended or re-enacted from time to time;
- (aa) to the best of the Originator's knowledge, none of the terms in any Mortgage Loan or in its Related Security are not binding or otherwise unenforceable by virtue of being unfair within the meaning of the UTCCR. In this warranty and the previous warranty, reference to any legislation shall be construed as a reference to that legislation as amended, extended or re-enacted from time to time;

- (bb) the Originator has, since the making of each Mortgage Loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such Mortgage Loan;
- (cc) there are no authorisations, permissions, approvals, licences or consents required for the Originator to enter into or to perform the obligations under the Originator Trust Deed or to make the Originator Trust Deed legal, valid, binding and enforceable;
- (dd) to the best of the Originator's knowledge, at least 40% of each Property was used, or was intended to be used, as or in connection with a dwelling by the relevant Borrower at the time of origination of the Mortgage Loan;
- (ee) no Mortgage Loan is a regulated home purchase plan as defined by Article 63F(3) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
- (ff) no Mortgage Loan is a RTB Loan, an offset mortgage loan or a buy-to-let loan;
- (gg) each Property constitutes a separate dwelling unit (subject to limited case by case exceptions which would be acceptable to a Prudent Mortgage Lender) and is either freehold or leasehold;
- (hh) each Mortgage Loan and its Related Security is subject to the laws of England; and
- (ii) in the case of each Property which is a leasehold property, the terms of the relevant lease ends at least two years after the maturity date of the related Mortgage Loan.

Reacquisition of beneficial interest in Mortgage Loans by the Originator

Under the Originator Trust Deed, the Originator can be required to reacquire the whole beneficial interest in any Mortgage Loan and its Related Security if such Mortgage Loan and its Related Security is the subject of:

- (a) a Further Advance which is or will be made following the Closing Date;
- (b) a material breach of an Originator Asset Warranty which is not rectified within 30 calendar days; or
- (c) a Product Switch made in breach of the Product Switch Conditions.

If the Mortgage Administrator notifies the Issuer that any of the above conditions apply to a Mortgage Loan and its Related Security, the Issuer (in its capacity as Issuer Beneficiary) shall send a notice to the Originator requiring it to reacquire the whole beneficial interest in the relevant Mortgage Loan and its Related Security within three Business Days of the date of such notice in accordance with the terms of the Originator Trust Deed.

The price payable by the Originator to the Originator Trustee to reacquire the Issuer's and the Originator Beneficiary's respective undivided shares of the beneficial interest in any Mortgage Loan and its Related Security is an amount (not less than zero) equal to the aggregate of the Current Balance in relation to such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such reacquisition plus reasonable fees and expenses payable thereon to the date of reacquisition (the "**Reacquisition Amount**").

The Originator Trust Beneficiaries have consented to, and instruct the Originator Trustee to accept, surrenders of their whole undivided interest in a Mortgage Loan and its Related Security upon payment to the Originator Trustee of the Reacquisition Amount in respect of a Mortgage Loan and its Related Security which is to be reacquired by the Originator in accordance with the terms of the Originator Trust Deed.

An amount equal to 99 per cent. of any Reacquisition Amount received by the Originator Trustee will be paid to the Issuer by the Originator Trustee as Issuer Principal Receipts and Issuer Revenue in consideration of the surrender by the Issuer (as referred to above) of its beneficial interest in the relevant Mortgage Loan and Related Security. An amount equal to 1 per cent. of any Reacquisition Amount received by the Originator Trustee will be paid to the Originator Beneficiary by the Originator Trustee in

consideration of the surrender by the Originator Beneficiary (as referred to above) of its beneficial interest in the relevant Mortgage Loan.

Following payment by the Originator to the Originator Trustee of the Reacquisition Amount and payment by the Originator Trustee to the Issuer and to the Originator Beneficiary of their respective entitlements to such Reacquisition Amount, the relevant Mortgage Loan and its Related Security will be released from all of the terms of the Originator Trust. The relevant Mortgage Loan and its Related Security will then once again be solely legally and beneficially owned by the Originator, will no longer be held on trust as Originator Trust Property and will be electronically identified by the Originator as no longer being a Mortgage Loan comprising Originator Trust Property.

The provisions described above relating to the reacquisition of the whole of the beneficial interest in a Mortgage Loan and its Related Security represent the combined effect of various provisions contained in the Originator Trust Deed, the Beneficiaries Deed and the Deed of Charge.

Originator Power of Attorney

WBBS will, in connection with the creation of the Originator Trust, grant to the Issuer and the Trustee a power of attorney (the "**Originator Power of Attorney**") to permit the Issuer and/or the Trustee (and any delegate of the Issuer or the Trustee), as applicable, upon the occurrence of certain Power of Attorney Events described below, to take certain actions in the name of the Originator and the Originator Trustee to ensure the performance by the Originator and the Originator Trustee of their obligations under the Originator Trust Deed, including its covenants to enforce rights under the Mortgage Loans and to collect repayments in respect of Mortgage Loans in the ordinary course of its business and to remit the proceeds of such enforcement or repayment relating to the Issuer Interest to the Issuer, and to ensure the performance by the Mortgage Administrator of its obligations under the Mortgage Administration Agreement.

"**Power of Attorney Event**" means:

- (a) the occurrence of an Insolvency Event in relation to WBBS;
- (b) WBBS is in breach of its obligations to enforce the terms of any Mortgage Loan pursuant to the Mortgage Administration Agreement, provided that: (i) if such breach is capable of remedy, such breach has continued unremedied for 30 days after the earlier of WBBS becoming aware of the breach and the date on which written notice from the Issuer or Trustee of such breach, requiring the same to be remedied, shall have been given to WBBS; and (ii) in the opinion of the Trustee such breach is materially prejudicial to the Noteholders;
- (c) WBBS is in breach of any other obligation pursuant to the Mortgage Administration Agreement (other than as set out in (a) or (b) above) or of Clause 18 (*Calculation and Allocation of Issuer Interests and Originator Interests*) of the Originator Trust Deed and, if such breach is capable of remedy, fails to remedy such breach within 60 days after the earlier of becoming aware of the breach and receiving written notice from the Issuer or the Trustee requiring the same to be remedied, but only if in the opinion of the Trustee such breach is materially prejudicial to the Noteholders; or
- (d) WBBS is no longer able to perform any of its material servicing obligations pursuant to the Mortgage Administration Agreement, except where no other person could lawfully perform such obligations.

There will be three areas of action covered by the Originator Power of Attorney:

- (a) actions enforcing a change of the collection account arrangements in relation to Borrowers following a Power of Attorney Event in the event that the Mortgage Administrator fails to effect such change when required to do so by written notice from the Issuer and/or the Trustee, and the Issuer shall not be required to seek any further consent or authorisation from WBBS (in any capacity) before taking any such actions;
- (b) taking actions against Borrowers in the name of WBBS following a Power of Attorney Event. The Issuer may take action against the relevant Borrower under the Originator Power of Attorney to collect any payments due under the relevant Mortgage Loan whether by enforcement of the

terms of the Mortgage Loan or otherwise, or to set the interest rates payable by the Borrowers on the Mortgage Loans. The Issuer may, if it considers it to be within the interests of the Noteholders to do so, without any further consent or authorisation from WBBS (in any capacity) take such course of action as the Issuer considers to be desirable in relation to the collection, sale or any other analogous action in relation to any Mortgage Loan, Related Security or Borrower (including, without limitation, notification of any relevant insurer); and

- (c) actions which involve matters fundamental to the constitution of the Originator Trust or allocation of the Originator Trust Property, where the Issuer may take such actions as are required to protect and preserve the Originator Trust Property, provided any such actions are not materially prejudicial to the interests of the Originator Trust Beneficiaries. The Issuer shall be entitled to determine, in its own opinion, that the matter will not be materially prejudicial to the interests of the Originator Trust Beneficiaries and in making such determination shall be entitled to take into account, without enquiry or verification, any other things it may, in its absolute discretion, consider necessary and/or appropriate. The Issuer shall notify the Rating Agencies in writing of such action or proposed action.

The Originator Power of Attorney will expressly provide that, notwithstanding any of its other provisions, none of its terms are intended to affect the beneficial entitlements of the Issuer Beneficiary and the Originator Beneficiary respectively under the terms of the Originator Trust as such entitlements would exist had there been no Originator Power of Attorney.

Disposal of Trust Property

The Originator Trust Property is held on trust for the benefit of the Issuer and the Originator Beneficiary. Following the service of an Enforcement Notice, the Trustee (in enforcing the Security) shall be entitled, among other things, to sell the Issuer's rights as a beneficiary of the Originator Trust but shall not be obliged to do so except as set out in the Trust Deed and the Deed of Charge.

Termination of the Originator Trust

The Originator Trust will terminate on the date on which there is no remaining Originator Trust Property or, if earlier, such date as may be requested in writing by the Originator Beneficiary to the Originator (which shall be copied to the Cash Manager and the Issuer) being on or after the date on which all of the Notes have been redeemed in full by the Issuer or the Issuer Interest in the Originator Trust Property has been reduced to zero, or such other date which may be agreed between the Originator, the Issuer and the Originator Beneficiary.

Retirement of Originator

The Originator Trustee will not be entitled to retire or otherwise terminate its appointment. The Originator Beneficiary and the Issuer will not be permitted to replace the Originator Trustee.

Governing Law

The Originator Trust Deed and any non-contractual obligations arising in or out of or in relation to the Originator Trust Deed will be governed by English law.

STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

As at the Cut-off Date (as defined below) the Provisional Mortgage Portfolio consisted of 4,633 mortgage loans originated by West Bromwich Building Society between 1 April 2001 and 31 December 2009 and secured over properties located in England and Wales.

The statistical and other information contained in this Prospectus relating to mortgage loans in the Provisional Mortgage Portfolio has been compiled by reference to data derived from such mortgage loans as at 31 January 2012 (the "**Cut-off Date**"). The aggregate Current Balance of the mortgage loans in the Provisional Mortgage Portfolio as at the Cut-off Date was £357,973,594. Columns may not add up to 100 per cent. due to rounding. A mortgage loan will be removed from the Provisional Mortgage Portfolio if in the period from (and including) the Pool Selection Date up to (but excluding) the Closing Date such mortgage loan is repaid in full or if such mortgage loan would not comply with the Originator Asset Warranties on the Closing Date. Having removed such mortgage loans, a mortgage loan may also be removed by random selection if the amount that is 99 per cent. of the aggregate Current Balance less Accrued Interest of the remaining mortgage loans in the Provisional Mortgage Portfolio as at the Closing Date exceeds the Issuer Principal Amount. Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Cut-off Date. All indexations are based on the non-seasonally adjusted index from the Halifax House Price Index.

For the purposes of administration, the initial advance, each further advance and any fees charged to the borrower in respect of a mortgage loan are recorded to separate sub-accounts (being referred to as "**sub-accounts**" in the following tables). Each sub-account in respect of a mortgage loan is secured on the same property but may differ in some way as to, *inter alia*, origination date, interest rate, maturity date and repayment terms.

Summary

Total outstanding current balance (£).....	357,973,594
Number of mortgage loans	4,633
Average current loan balance (£)	77,266
Weighted average current LTV Ratio (%)	51.55
Weighted average seasoning (months).....	72.59
Weighted average remaining term (years)	15.03
Weighted average interest rate	3.90%

Original Balances

The following table shows the original balance by sub-account which relates to an advance (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees).

<u>Range of original balances</u>	<u>Aggregate original balances</u>	<u>% of total</u>	<u>Number of sub-accounts comprising an advance</u>	<u>% of total</u>
<£25,000	14,846,270	3.28%	1,296	19.43%
£25,000 - <£50,000	58,378,948	12.90%	1,611	24.16%
£50,000 - <£75,000	82,140,658	18.15%	1,341	20.11%
£75,000 - <£100,000	83,107,654	18.37%	974	14.60%
£100,000 - <£125,000	72,601,765	16.05%	661	9.91%
£125,000 - <£150,000	41,741,962	9.23%	309	4.63%
£150,000 - <£175,000	28,739,298	6.35%	181	2.71%
£175,000 - <£200,000	17,860,823	3.95%	97	1.45%
£200,000 - <£225,000	15,084,580	3.33%	72	1.08%
£225,000 - <£250,000	7,044,770	1.56%	30	0.45%
£250,000 - <£275,000	8,187,267	1.81%	32	0.48%
£275,000 - <£300,000	4,796,245	1.06%	17	0.25%
£300,000 - <£350,000	6,993,940	1.55%	22	0.33%
£350,000 - <£400,000	4,431,040	0.98%	12	0.18%
£400,000 - <£450,000	2,505,000	0.55%	6	0.09%
£450,000 - <£500,000	1,435,000	0.32%	3	0.04%
>=£500,000	2,564,400	0.57%	5	0.07%
Total.....	452,459,620	100.00%	6,669	100.00%

Range of original balances	Aggregate original balances	% of total	Number of sub-accounts comprising an advance	% of total
Size of smallest original balance	372			
Size of largest original balance	564,400			
Average original balance	67,845			

Outstanding Current Balances

The following table shows the range of current balances by mortgage loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees but excluding accrued interest).

Range of outstanding current balances	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
< £25,000	8,405,040	2.35%	510	11.01%
£25,000 - <£50,000	40,507,765	11.32%	1,065	22.99%
£50,000 - <£75,000	70,559,532	19.71%	1,138	24.56%
£75,000 - <£100,000	70,911,145	19.81%	819	17.68%
£100,000 - <£125,000	54,380,860	15.19%	488	10.53%
£125,000 - <£150,000	33,268,758	9.29%	243	5.24%
£150,000 - <£175,000	19,508,069	5.45%	121	2.61%
£175,000 - <£200,000	15,047,506	4.20%	81	1.75%
£200,000 - <£225,000	11,823,461	3.30%	56	1.21%
£225,000 - <£250,000	9,232,054	2.58%	39	0.84%
£250,000 - <£275,000	6,041,498	1.69%	23	0.50%
£275,000 - <£300,000	3,479,094	0.97%	12	0.26%
£300,000 - <£350,000	5,870,416	1.64%	18	0.39%
£350,000 - <£400,000	2,573,035	0.72%	7	0.15%
£400,000 - <£450,000	2,092,768	0.58%	5	0.11%
£450,000 - <£500,000	1,447,148	0.40%	3	0.06%
>= £500,000	2,825,446	0.79%	5	0.11%
Total.....	357,973,594	100.00%	4,633	100.00%
Size of smallest mortgage loan	1,530			
Size of largest mortgage loan	668,979			
Average mortgage loan size	77,266			

LTV Ratios at date of most recent advance

The following table shows the range of LTV ratios, which express the aggregate outstanding current balance of all sub-accounts in a mortgage loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees) as at the date of the most recent advance divided by the property valuation at origination or, if later, as at the date of the most recent advance (including indexed valuations where applicable).

Range of LTV ratios at time of most recent advance	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
0% - <5%	2,109	0.00%	1	0.02%
5% - <10%	421,977	0.12%	22	0.47%
10% - <15%	1,422,946	0.40%	70	1.51%
15% - <20%	3,150,760	0.88%	107	2.31%
20% - <25%	5,646,839	1.58%	160	3.45%
25% - <30%	10,633,334	2.97%	255	5.50%
30% - <35%	12,662,998	3.54%	253	5.46%
35% - <40%	16,603,717	4.64%	293	6.32%
40% - <45%	23,461,916	6.55%	343	7.40%
45% - <50%	26,423,272	7.38%	342	7.38%
50% - <55%	31,959,561	8.93%	387	8.35%
55% - <60%	34,587,113	9.66%	371	8.01%
60% - <65%	35,670,800	9.96%	353	7.62%

Range of LTV ratios at time of most recent advance	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
65% - <70%	34,733,480	9.70%	340	7.34%
70% - <75%	34,326,067	9.59%	348	7.51%
75% - <80%	23,833,403	6.66%	244	5.27%
80% - <85%	15,789,954	4.41%	166	3.58%
85% - <90%	17,520,709	4.89%	197	4.25%
90% - <95%	19,305,154	5.39%	234	5.05%
95% - <100%	9,817,486	2.74%	147	3.17%
Total.....	357,973,594	100.00%	4,633	100.00%
Minimum LTV at date of most recent advance	4.54%			
Maximum LTV at date of most recent advance	95.00%			
Weighted average LTV at date of most recent advance	61.15%			

Current LTV ratios

The following table shows the range of current LTV ratios, which express the aggregate outstanding current balance of all sub-accounts in a mortgage loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees but excluding accrued interest) as at the Cut-off Date divided by the property valuation at origination or, if later, at the most recent advance date (which may be an indexed valuation as at the date of the most recent advance).

Range of current LTV ratios	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
0% - <5%	458,364	0.13%	64	1.38%
5% - <10%	2,583,222	0.72%	153	3.30%
10% - <15%	4,914,793	1.37%	190	4.10%
15% - <20%	8,985,542	2.51%	241	5.20%
20% - <25%	13,727,523	3.83%	306	6.60%
25% - <30%	17,306,211	4.83%	316	6.82%
30% - <35%	19,300,957	5.39%	311	6.71%
35% - <40%	26,095,334	7.29%	367	7.92%
40% - <45%	31,626,752	8.83%	386	8.33%
45% - <50%	33,385,281	9.33%	366	7.90%
50% - <55%	38,299,264	10.70%	411	8.87%
55% - <60%	35,118,605	9.81%	328	7.08%
60% - <65%	39,067,806	10.91%	370	7.99%
65% - <70%	33,317,587	9.31%	302	6.52%
70% - <75%	24,215,657	6.76%	252	5.44%
75% - <80%	17,041,450	4.76%	166	3.58%
80% - <85%	4,438,777	1.24%	47	1.01%
>= 85%	8,090,470	2.26%	57	1.23%
Total.....	357,973,594	100.00%	4,633	100.00%
Minimum current LTV	0.58%			
Maximum current LTV	97.04%			
Weighted average current LTV	51.55%			

Current indexed LTV ratios

The following table shows the range of current indexed LTV ratios, which express the aggregate outstanding current balance of all sub-accounts in a mortgage loan (including capitalised interest, capitalised arrears, capitalised high LTV fees, insurance fees, booking fees and valuation fees but excluding accrued interest) as at the Cut-off Date divided by the indexed valuation at the same date (such indexed property valuation being obtained by indexing the actual valuation at origination or, if later, the most recent actual valuation obtained).

<u>Range of current indexed LTV ratios</u>	<u>Aggregate outstanding current balance</u>	<u>% of total</u>	<u>Number of Mortgage Loans</u>	<u>% of total</u>
0% - <5%	614,380	0.17%	73	1.58%
5% - <10%	2,424,932	0.68%	150	3.24%
10% - <15%	4,574,416	1.28%	175	3.78%
15% - <20%	8,482,330	2.37%	245	5.29%
20% - <25%	11,310,299	3.16%	261	5.63%
25% - <30%	16,328,011	4.56%	318	6.86%
30% - <35%	20,420,827	5.70%	351	7.58%
35% - <40%	23,492,704	6.56%	336	7.25%
40% - <45%	27,899,727	7.79%	381	8.22%
45% - <50%	26,318,682	7.35%	331	7.14%
50% - <55%	34,451,120	9.62%	348	7.51%
55% - <60%	31,870,640	8.90%	332	7.17%
60% - <65%	33,783,870	9.44%	323	6.97%
65% - <70%	35,526,868	9.92%	309	6.67%
70% - <75%	31,913,616	8.92%	282	6.09%
75% - <80%	30,186,263	8.43%	271	5.85%
80% - <85%	15,242,990	4.26%	125	2.70%
>= 85%	3,131,918	0.87%	22	0.47%
Total.....	357,973,594	100.00%	4,633	100.00%
Minimum current indexed LTV	0.67%			
Maximum current indexed LTV	90.32%			
Weighted average current indexed LTV	53.79%			

Geographical spread

The following table shows the distribution of mortgaged properties securing the mortgage loans throughout England and Wales as at the Cut-off Date. No such properties are situated outside England and Wales. The Originator's Lending Criteria and current credit scoring tests do not take into account the geographical location of the property securing a mortgage loan.

<u>Region</u>	<u>Aggregate outstanding current balance</u>	<u>% of total</u>	<u>Number of Mortgage Loans</u>	<u>% of total</u>
East Anglia.....	4,893,935	1.37%	58	1.25%
East Midlands.....	21,848,537	6.10%	300	6.48%
Greater London	30,309,473	8.47%	234	5.05%
North	11,088,845	3.10%	144	3.11%
North West	34,465,509	9.63%	428	9.24%
South East	53,052,165	14.82%	457	9.86%
South West	24,447,370	6.83%	282	6.09%
Wales.....	19,327,527	5.40%	271	5.85%
West Midlands	143,095,683	39.97%	2,259	48.76%
Yorkshire and Humberside	15,444,550	4.31%	200	4.32%
Total.....	357,973,594	100.00%	4,633	100.00%

Seasoning of sub-accounts

The following table shows the number of months since the date of origination of each sub-account in the mortgage loans as at the Cut-off Date.

<u>Age of sub-accounts in months</u>	<u>Aggregate outstanding current balance</u>	<u>% of total</u>	<u>Number of Sub-accounts</u>	<u>% of total</u>
< 12.00	358,924	0.10%	23	0.22%
12.00 - <24.00	744,111	0.21%	49	0.46%
24.00 - <36.00	8,840,203	2.47%	286	2.68%
36.00 - <48.00	51,566,152	14.41%	1,454	13.63%
48.00 - <60.00	71,759,340	20.05%	1,895	17.76%
60.00 - <72.00	54,749,035	15.29%	1,500	14.06%
72.00 - <84.00	53,364,652	14.91%	1,458	13.67%
84.00 - <96.00	49,458,639	13.82%	1,458	13.67%
96.00 - <108.00	33,902,437	9.47%	1,052	9.86%
>= 108.00	33,230,101	9.28%	1,494	14.00%
Total.....	357,973,594	100.00%	10,669	100.00%
Minimum seasoning (months)	0.59			
Maximum seasoning (months)	130.06			
Weighted average seasoning (months)	72.59			

Years to maturity of sub-accounts

The following table shows the number of remaining years of each sub-account in the mortgage loans as at the Cut-off Date.

<u>Years to maturity</u>	<u>Aggregate outstanding current balance</u>	<u>% of total</u>	<u>Number of Sub-accounts</u>	<u>% of total</u>
< 5.00	15,151,166	4.23%	879	8.24%
5.00 - <10.00	50,960,403	14.24%	2,019	18.92%
10.00 - <15.00	86,976,568	24.30%	2,801	26.25%
15.00 - <20.00	148,032,152	41.35%	3,732	34.98%
20.00 - <25.00	48,900,104	13.66%	1,057	9.91%
>= 25.00	7,953,202	2.22%	181	1.70%
Total.....	357,973,594	100.00%	10,669	100.00%
Minimum remaining term (years)	0.17			
Maximum remaining term (years)	28.94			
Weighted average remaining term (years)	15.03			

Purpose of loan

The following table shows whether the purpose of each sub-account in the mortgage loans was to finance the purchase of a new Property, to remortgage a Property already owned by the borrower, or for a Further Advance.

<u>Use of proceeds</u>	<u>Aggregate outstanding current balance</u>	<u>% of total</u>	<u>Number of Sub-accounts</u>	<u>% of total</u>
Purchase	187,183,812	52.29%	5,076	47.58%
Remortgage	153,246,489	42.81%	4,415	41.38%
Further Advance.....	17,543,293	4.90%	1,178	11.04%
Total.....	357,973,594	100.00%	10,669	100.00%

Property type

The following table shows the types of property to which the mortgage loans relate.

Property Type	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
Detached.....	119,343,963	33.34%	1,165	25.15%
Semi-detached.....	122,368,639	34.18%	1,794	38.72%
Terraced.....	77,529,062	21.66%	1,179	25.45%
Other.....	38,731,930	10.82%	495	10.68%
Total.....	357,973,594	100.00%	4,633	100.00%
Average balance Detached	102,441			
Average balance Semi-detached	68,210			
Average balance Terraced	65,758			
Average balance Other	78,246			

Repayment terms

The following table shows the repayment terms for each sub-account in the mortgage loans as at the Cut-off Date.

Repayment Method	Aggregate outstanding current balance	% of total	Number of Sub-accounts	% of total
Interest Only (including part and part).....	96,819,214	27.05%	2,074	19.44%
Repayment.....	261,154,380	72.95%	8,595	80.56%
Total.....	357,973,594	100.00%	10,669	100.00%

Payment method

The following table shows the payment methods for the mortgage loans as at the Cut-off Date.

Payment method	Aggregate outstanding current balance	% of total	Number of Mortgage Loans	% of total
Direct Debit.....	351,848,574	98.29%	4,535	97.88%
Other.....	6,125,020	1.71%	98	2.12%
Total.....	357,973,594	100.00%	4,633	100.00%

The following four tables have been prepared on the basis of the type of product holding of each sub-account or relevant product type in the mortgage loans.

Distribution of product types

The following table shows the distribution of product types as at the Cut-off Date.

Product Types	Aggregate outstanding current balance	% of total	Number of Sub- accounts	% of total
Tracker Rate (including Discounted Tracker Rate).....	171,488,506	47.91%	4,990	46.77%
Fixed Rate.....	156,526,135	43.73%	4,440	41.62%
Standard Variable Rate (including Discounted Variable Rate) ...	29,958,952	8.37%	1,239	11.61%
Total.....	357,973,594	100.00%	10,669	100.00%

Distribution of Interest Rates for Fixed Rate Loans

The following tables show the distribution of sub-accounts operating on a fixed rate by their fixed rate of interest as at the Cut-off Date and the year in which the fixed rate ceases.

Sub-accounts operating on a Fixed Rate remain at the relevant fixed rate for a period of time as specified in the Offer Conditions, after which they move to the Standard Variable Rate or some other rate as specified in the Offer Conditions.

Fixed rate %	Aggregate outstanding current balance	% of total	Number of Sub- accounts	% of total
0.00% - 3.99%	3,916,133	2.50%	120	2.70%
4.00% - 4.99%	30,379,565	19.41%	787	17.73%
5.00% - 5.99%	114,060,700	72.87%	3,257	73.36%
6.00% - 6.99%	8,018,050	5.12%	272	6.13%
7.00% +	151,688	0.10%	4	0.09%
Total.....	156,526,135	100.00%	4,440	100.00%
Minimum Fixed Interest Rate	2.89%			
Maximum Fixed Interest Rate	7.09%			
Weighted average Fixed Interest Rate	5.41%			

Year in which fixed rate period expires	Aggregate outstanding current balance	% of total	Number of Sub- accounts	% of total
2012.....	23,460,875	14.99%	780	17.57%
2013.....	29,750,596	19.01%	998	22.48%
2014.....	5,105,442	3.26%	176	3.96%
2015.....	1,627,980	1.04%	63	1.42%
2016.....	25,818,193	16.49%	624	14.05%
2017.....	44,491,430	28.42%	1,112	25.05%
2018.....	26,044,640	16.64%	681	15.34%
2019.....	226,979	0.15%	6	0.14%
Total.....	156,526,135	100.00%	4,440	100.00%

Distribution of Interest Rates for Variable Rate Loans, Discounted Variable Rate Loans, Tracker Rate Loans and Discounted Tracker Rate Loans

The following table shows the distribution of sub-accounts operating on a variable rate by their rate of interest as at the Cut-off Date.

Variable Rate %	Aggregate outstanding current balance	% of total	Number of Sub- accounts	% of total
0.00% - 0.99%	55,302	0.03%	1	0.02%
1.00% - 1.99%	47,739,272	23.70%	1,459	23.42%
2.00% - 2.99%	121,515,052	60.32%	3,450	55.39%
3.00% - 3.99%	2,178,880	1.08%	80	1.28%
4.00% - 4.99%	0	0.00%	0	0.00%
5.00% +	29,958,952	14.87%	1,239	19.89%
Total.....	201,447,459	100.00%	6,229	100.00%
Minimum Variable Interest Rate	0.89%			
Maximum Variable Interest Rate	5.94%			
Weighted average Variable Interest Rate	2.72%			

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The United Kingdom housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market.

Industry PPR Rates

In the following tables, quarterly industry principal payment rate ("**Industry PPR**") data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages originated by banks and building societies in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)	Quarter	Industry PPR rate for the quarter (%)	12-month rolling average (%)
March 1999	12.32%	14.41%	September 2005	24.29%	21.10%
June 1999	15.96%	14.85%	December 2005	24.61%	22.04%
September 1999	17.55%	15.21%	March 2006	22.27%	23.12%
December 1999	16.47%	15.57%	June 2006	23.37%	23.64%
March 2000	13.62%	15.90%	September 2006	24.95%	23.80%
June 2000	15.31%	15.73%	December 2006	24.87%	23.87%
September 2000	15.97%	15.34%	March 2007	23.80%	24.25%
December 2000	15.67%	15.14%	June 2007	24.84%	24.61%
March 2001	15.38%	15.58%	September 2007	25.48%	24.74%
June 2001	18.23%	16.31%	December 2007	23.55%	24.42%
September 2001	20.25%	17.39%	March 2008	19.56%	23.36%
December 2001	20.06%	18.48%	June 2008	20.88%	22.37%
March 2002	18.75%	19.32%	September 2008	20.15%	21.03%
June 2002	21.10%	20.04%	December 2008	15.33%	18.98%
September 2002	23.63%	20.89%	March 2009	12.91%	17.32%
December 2002	22.89%	21.59%	June 2009	11.39%	14.95%
March 2003	21.24%	22.22%	September 2009	12.77%	13.10%
June 2003	22.43%	22.55%	December 2009	11.99%	12.27%
September 2003	24.03%	22.65%	March 2010	9.60%	11.44%
December 2003	24.87%	23.14%	June 2010	10.60%	11.24%
March 2004	21.22%	23.14%	September 2010	11.30%	10.87%
June 2004	22.93%	23.26%	December 2010	10.98%	10.62%
September 2004	24.27%	23.32%	March 2011	10.03%	10.73%
December 2004	20.85%	22.32%	June 2011	10.59%	10.73%
March 2005	17.96%	21.50%	September 2011	11.91%	10.88%
June 2005	21.32%	21.10%	December 2011	11.41%	10.98%

Source of repayment and outstanding mortgage information: Council of Mortgage Lenders.

Repossession Rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (%)	Year	Repossessions (%)	Year	Repossessions (%)
1985	0.25%	1994	0.47%	2003	0.07%
1986	0.30%	1995	0.47%	2004	0.07%
1987	0.32%	1996	0.40%	2005	0.12%
1988	0.22%	1997	0.31%	2006	0.18%
1989	0.17%	1998	0.31%	2007	0.22%
1990	0.47%	1999	0.27%	2008	0.34%
1991	0.77%	2000	0.20%	2009	0.42%
1992	0.69%	2001	0.16%	2010	0.33%
1993	0.58%	2002	0.11%	2011	0.32%

Source: Council of Mortgage Lenders.

House Price to Earnings Ratio

The following table shows the ratio for each year since 1994 of the average house price compared to the average annual income of borrowers in the United Kingdom.

Year	Average Annual Earnings (£)	Average House Price (£)	House Price to Earnings Ratio
1994	22,288	64,787	2.91
1995	23,114	65,644	2.84
1996	24,740	70,626	2.85
1997	26,086	76,103	2.92
1998	27,317	81,774	2.99
1999	29,864	92,521	3.10
2000	31,193	101,550	3.26
2001	33,967	112,835	3.32
2002	36,277	128,265	3.54
2003	38,538	155,627	4.04
2004	39,873	180,248	4.52
2005	43,690	190,760	4.37
2006	50,789	204,813	4.03
2007	53,617	223,405	4.17
2008	54,527	227,765	4.18
2009	53,975	226,064	4.19
2010	57,996	251,634	4.34

Source: Department for Communities and Local Government

House prices and incomes vary throughout England, Wales and Scotland. The table below summarises the average house price and the average income for each region for the year ended 31 December 2010 in order to produce a house price to earnings ratio for each region.

Region	Average Annual Earnings (£)	Average House Price (£)	House Price to Earnings Ratio
East Anglia	37,544	261,906	6.98
East Midlands	31,096	184,958	5.95
London	45,864	385,180	8.40
Northern Ireland	31,928	168,033	5.26
North east	29,380	161,785	5.51
North West	31,148	183,573	5.89
Scotland	33,436	185,715	5.55
South East	42,484	309,715	7.29
South West	43,576	240,245	5.51
Wales	31,772	171,784	5.41
West Midlands	32,552	201,498	6.19
Yorkshire & Humberside	32,500	182,383	5.61

Source: Department for Communities and Local Government

HOUSE PRICE INDEX

United Kingdom residential property prices, as measured by the Nationwide House Price Index and the Halifax Price Index (collectively the "**Housing Indices**"), have generally outperformed the United Kingdom Retail Price Index in the recent past. (Nationwide is a United Kingdom building society and Halifax is a brand name of Bank of Scotland plc, a United Kingdom bank.)

The United Kingdom housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Indices occurring in the late 1980s and the mid 1990s through to mid 2007 and decreases occurring in the early 1990s and mid 2007 through to the date of this Prospectus.

Annual House Price Index

Year	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
	Index	% annual change	Index	% annual change	Index	% annual change
1988	106.9	4.9%			184.8	23.3%
1989	115.2	7.8%			223.1	20.7%
1990	126.1	9.5%			223.2	0.0%
1991	133.5	5.9%	107.1		220.5	-1.2%
1992	138.5	3.7%	103.0	-3.8%	208.1	-5.6%
1993	140.7	1.6%	102.1	-0.8%	202.1	-2.9%
1994	144.1	2.4%	103.5	1.3%	203.1	0.5%
1995	149.1	3.5%	102.3	-1.2%	199.6	-1.7%
1996	152.7	2.4%	106.3	4.0%	208.6	4.5%
1997	157.5	3.1%	117.9	10.9%	221.7	6.3%
1998	162.9	3.4%	129.8	10.1%	233.7	5.4%
1999	165.4	1.5%	141.7	9.2%	250.5	7.2%
2000	170.3	3.0%	160.0	12.9%	275.1	9.8%
2001	173.3	1.8%	177.0	10.6%	298.6	8.5%
2002	176.2	1.7%	211.8	19.7%	350.6	17.4%
2003	181.3	2.9%	253.0	19.5%	429.1	22.4%
2004	186.7	3.0%	296.3	17.1%	507.6	18.3%
2005	192.0	2.8%	311.4	5.1%	536.6	5.7%
2006	198.1	3.2%	331.4	6.4%	581.3	8.3%
2007	206.6	4.3%	361.7	9.1%	635.9	9.4%
2008	214.8	4.0%	337.4	-6.7%	585.9	-7.9%
2009	213.7	-0.5%	312.4	-7.4%	524.6	-10.5%
2010	223.6	4.6%	330.6	5.8%	539.6	2.9%
2011	235.2	5.2%	329.9	-0.2%	525.4	-2.6%

Source: Office for National Statistics, Nationwide Building Society and Lloyds Banking Group plc.

The percentage change in the table above is calculated in accordance with the following formula:

$(X-Y)/Y$ where X is equal to the current year's index value and Y is equal to the index value of the previous year.

The figures for the Nationwide House Price Index are the average of the published monthly indices for that year (monthly indices are not available for the period prior to 1991).

Quarterly House Price Index

Quarter	Retail Price Index		Nationwide House Price Index (SA)*		Halifax House Price Index (SA)*	
	Index	% annual change	Index	% annual change	Index	% annual change
March 1988	104.10	3.48%	90.0	10.3%	167.0	17.4%
June 1988	106.60	4.61%	97.6	13.8%	179.4	22.3%
September 1988	108.40	5.86%	108.4	22.3%	197.4	30.3%
December 1988	110.30	6.78%	114.2	29.1%	211.8	34.1%
March 1989	112.30	7.88%	118.8	32.0%	220.7	32.2%
June 1989	115.40	8.26%	124.2	27.2%	226.1	26.0%
September 1989	116.60	7.56%	125.2	15.5%	225.5	14.2%
December 1989	118.80	7.71%	122.7	7.4%	222.5	5.1%
March 1990	121.40	8.10%	118.9	0.1%	223.7	1.4%
June 1990	126.70	9.79%	117.7	-5.2%	223.3	-1.2%
September 1990	129.30	10.89%	114.2	-8.8%	222.7	-1.2%
December 1990	129.90	9.34%	109.6	-10.7%	223.0	0.2%
March 1991	131.40	8.24%	108.8	-8.5%	223.1	-0.3%
June 1991	134.10	5.84%	110.6	-6.0%	221.9	-0.6%
September 1991	134.60	4.10%	109.5	-4.1%	219.5	-1.4%
December 1991	135.70	4.46%	107.0	-2.3%	217.7	-2.4%
March 1992	136.70	4.03%	104.1	-4.3%	213.2	-4.4%
June 1992	139.30	3.88%	105.1	-5.0%	208.8	-5.9%
September 1992	139.40	3.57%	104.2	-4.8%	206.9	-5.7%
December 1992	139.20	2.58%	100.1	-6.5%	199.5	-8.4%
March 1993	139.30	1.90%	100.0	-3.9%	199.6	-6.4%

Quarter	Retail Price Index		Nationwide House Price Index (SA)*		Halifax House Price Index (SA)*	
	Index	% annual change	Index	% annual change	Index	% annual change
June 1993	141.00	1.22%	103.6	-1.4%	201.7	-3.4%
September 1993	141.90	1.79%	103.2	-1.0%	202.6	-2.1%
December 1993	141.90	1.94%	101.8	1.8%	203.5	2.0%
March 1994	142.50	2.30%	102.4	2.4%	204.6	2.5%
June 1994	144.70	2.62%	102.5	-1.1%	202.9	0.6%
September 1994	145.00	2.18%	103.2	0.0%	202.7	0.0%
December 1994	146.00	2.89%	104.0	2.1%	201.9	-0.8%
March 1995	147.50	3.51%	101.9	-0.5%	201.8	-1.4%
June 1995	149.80	3.52%	103.0	0.5%	199.3	-1.8%
September 1995	150.60	3.86%	102.4	-0.8%	197.8	-2.4%
December 1995	150.70	3.22%	101.6	-2.3%	199.2	-1.3%
March 1996	151.50	2.71%	102.5	0.6%	202.1	0.1%
June 1996	153.00	2.14%	105.8	2.7%	206.7	3.7%
September 1996	153.80	2.12%	107.7	5.2%	208.8	5.6%
December 1996	154.40	2.46%	110.1	8.3%	213.9	7.4%
March 1997	155.40	2.57%	111.3	8.6%	216.7	7.2%
June 1997	157.50	2.94%	116.5	10.1%	220.2	6.5%
September 1997	159.30	3.58%	121.2	12.5%	222.6	6.6%
December 1997	160.00	3.63%	123.3	12.1%	225.4	5.4%
March 1998	160.80	3.47%	125.5	12.7%	228.4	5.4%
June 1998	163.40	3.75%	130.1	11.7%	232.1	5.4%
September 1998	164.40	3.20%	132.4	9.2%	234.8	5.5%
December 1998	164.40	2.75%	132.3	7.3%	237.2	5.2%
March 1999	164.10	2.05%	134.6	7.3%	238.6	4.5%
June 1999	165.60	1.35%	139.7	7.3%	245.5	5.8%
September 1999	166.20	1.09%	144.4	9.0%	255.5	8.8%
December 1999	167.30	1.76%	148.9	12.6%	264.1	11.3%
March 2000	168.40	2.62%	155.0	15.1%	273.1	14.5%
June 2000	171.10	3.32%	162.0	16.0%	272.8	11.1%
September 2000	171.70	3.31%	161.5	11.8%	275.9	8.0%
December 2000	172.20	2.93%	162.8	9.4%	278.6	5.5%
March 2001	172.20	2.26%	167.5	8.1%	281.7	3.1%
June 2001	174.40	1.93%	174.8	7.9%	293.2	7.5%
September 2001	174.60	1.69%	181.6	12.5%	302.4	9.6%
December 2001	173.40	0.70%	184.6	13.4%	311.8	11.9%
March 2002	174.50	1.34%	190.2	13.6%	327.3	16.2%
June 2002	176.20	1.03%	206.5	18.1%	343.7	17.2%
September 2002	177.60	1.72%	221.1	21.7%	366.1	21.1%
December 2002	178.50	2.94%	231.3	25.3%	392.1	25.8%
March 2003	179.90	3.09%	239.3	25.8%	403.8	23.4%
June 2003	181.30	2.89%	250.1	21.1%	419.0	21.9%
September 2003	182.50	2.76%	258.9	17.1%	434.5	18.7%
December 2003	183.50	2.80%	267.1	15.5%	455.3	16.1%
March 2004	184.60	2.61%	277.3	15.9%	480.3	18.9%
June 2004	186.80	3.03%	296.2	18.4%	508.4	21.3%
September 2004	188.10	3.07%	306.2	18.3%	522.0	20.1%
December 2004	189.90	3.49%	304.1	13.9%	523.5	15.0%
March 2005	190.50	3.20%	304.8	9.9%	526.9	9.7%
June 2005	192.20	2.89%	314.2	6.1%	526.8	3.6%
September 2005	193.10	2.66%	314.4	2.7%	537.7	3.0%
December 2005	194.10	2.21%	314.0	3.2%	550.3	5.1%
March 2006	195.00	2.36%	319.8	4.9%	560.4	6.4%
June 2006	198.50	3.28%	329.2	4.8%	574.9	9.1%
September 2006	200.10	3.63%	336.1	6.9%	581.7	8.2%
December 2006	202.70	4.43%	343.2	9.3%	606.0	10.1%
March 2007	204.40	4.82%	350.2	9.5%	623.5	11.3%
June 2007	207.30	4.43%	362.7	10.2%	639.4	11.2%
September 2007	208.00	3.95%	367.3	9.3%	646.5	11.1%
December 2007	210.90	4.05%	367.0	6.9%	638.8	5.4%
March 2008	212.10	3.77%	357.8	2.2%	630.0	1.0%
June 2008	216.80	4.58%	348.1	-4.0%	597.6	-6.5%
September 2008	218.40	5.00%	329.5	-10.3%	564.0	-12.8%
December 2008	212.90	0.95%	312.9	-14.7%	534.6	-16.3%
March 2009	211.30	-0.38%	298.7	-16.5%	517.7	-17.8%
June 2009	213.40	-1.57%	307.3	-11.7%	510.6	-14.6%
September 2009	215.30	-1.42%	319.5	-3.0%	523.6	-7.2%
December 2009	218.00	2.40%	323.4	3.4%	540.4	1.1%
March 2010	220.70	4.45%	324.9	8.8%	543.6	5.0%
June 2010	224.10	5.01%	336.6	9.5%	543.6	6.5%

Quarter	Retail Price Index		Nationwide House Price Index (SA)*		Halifax House Price Index (SA)*	
	Index	% annual change	Index	% annual change	Index	% annual change
September 2010	225.30	4.64%	333.9	4.5%	537.2	2.6%
December 2010.....	228.40	4.77%	325.1	0.5%	531.7	-1.6%
March 2011	232.50	5.35%	323.9	-0.3%	527.2	-3.0%
June 2011	235.20	4.95%	332.7	-1.2%	524.5	-3.5%
September 2011	237.90	5.59%	332.3	-0.5%	524.9	-2.3%
December 2011	239.40	4.82%	328.7	1.1%	524.6	-1.3%

Source: Office for National Statistics, Nationwide Building Society and Lloyds Banking Group plc. *Seasonally adjusted.

The percentage change in the table above is calculated in accordance with the following formula:

$(X-Y)/Y$ where X is equal to the current quarter's index value and Y is equal to the index value of the previous year's corresponding quarter.

All information contained in this Prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society. All information contained in this Prospectus in respect of the Halifax House Price Index has been reproduced from information published by Lloyds Banking Group plc. The Issuer confirms that all information in this Prospectus in respect of the Nationwide House Price Index and the Halifax House Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society and Lloyds Banking Group plc, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the Issuer nor Nationwide Building Society nor Lloyds Banking Group plc 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.

HISTORICAL AMORTISATION RATES OF WBBS PRIME MORTGAGE LOANS

The information in the following tables set outs the amortisation rates of mortgage loans originated by WBBS for period from January 2008 to February 2012. There has been no adjustment for the selection criteria used in selecting the Provisional Mortgage Portfolio and there can be no assurance that the Mortgage Loans included in the Mortgage Portfolio will have a similar rate of amortisation.

Month	Average of Monthly Amortisation Rate (Annualised)	Year	Average of Monthly Amortisation Rate (Annualised) Over Year
Jan-08	24.3%		
Feb-08	21.6%		
Mar-08	15.5%		
Apr-08	26.1%		
May-08	17.2%		
Jun-08	20.2%		
Jul-08	17.1%		
Aug-08	13.2%		
Sep-08	18.5%		
Oct-08	16.9%		
Nov-08	12.2%		
Dec-08	10.3%	2008	17.8%
Jan-09	10.4%		
Feb-09	11.0%		
Mar-09	12.7%		
Apr-09	12.3%		
May-09	44.9%		
Jun-09	14.4%		
Jul-09	13.4%		
Aug-09	12.7%		
Sep-09	12.3%		
Oct-09	12.3%		
Nov-09	12.8%		
Dec-09	14.1%	2009	15.3%
Jan-10	9.6%		
Feb-10	14.3%		
Mar-10	14.3%		
Apr-10	11.0%		
May-10	13.2%		
Jun-10	14.1%		
Jul-10	16.6%		
Aug-10	13.4%		
Sep-10	15.0%		
Oct-10	11.2%		
Nov-10	13.7%		
Dec-10	15.6%	2010	13.5%
Jan-11	10.9%		
Feb-11	13.4%		
Mar-11	14.3%		
Apr-11	12.9%		
May-11	12.4%		
Jun-11	16.0%		
Jul-11	14.0%		
Aug-11	15.1%		
Sep-11	15.4%		
Oct-11	15.6%		
Nov-11	14.6%		
Dec-11	12.2%	2011	13.9%
Jan-12	5.9%		
Feb-12	14.3%		

Note: the monthly amortisation rate above has been calculated by the following formula $1 - (1 - D)^{365 / \text{number of days in the month}}$ where $D = (A - (B - C)) / A$ where A = WBBS prime mortgage balance at previous month end, B = WBBS prime mortgage balance at relevant month end and C = volume of new WBBS prime mortgage originations (including Further Advances).

THE MORTGAGE ADMINISTRATOR AND THE MORTGAGE ADMINISTRATION AGREEMENT

Introduction

Under the Mortgage Administration Agreement, WBSS will be appointed as Mortgage Administrator to perform the day-to-day administration of the Mortgage Loans and their Related Security in accordance with its policies applicable from time to time, but subject to the terms of the Mortgage Administration Agreement.

Undertakings of the Mortgage Administrator

The primary obligations of the Mortgage Administrator are:

- (a) the collection of monies from Borrowers due under the terms of the relevant Mortgage Loans by direct debit, standing order, cheque, cash, debit card and/or telegraphic transfer and the payment of these monies into the Collection Accounts;
- (b) the transfer of monies in relation to the Issuer Interest in the Mortgage Loans standing to the credit of the Collection Accounts to the GIC Account;
- (c) the calculation of interest and principal due on the Mortgage Loans and the making of amendments to Mortgage Loans or Product Switches; and
- (d) all other administrative functions including, but not limited to, customer contact, administrative and compliance functions, maintaining security for Mortgage Loans, procedures connected with final repayment of the Mortgage Loans, and arrears and possession functions.

The Mortgage Administrator will be obliged to service the Mortgage Loans with the skill, care and diligence it would apply if it were the only beneficial owner of the Mortgage Loans itself, and to comply with the provisions of the Mortgage Administration Agreement.

Mortgage Loan Interest Rate

Pursuant to the Mortgage Administration Agreement, the Mortgage Administrator will calculate the applicable rate of interest payable in relation to all the Mortgage Loans.

Mortgage servicing policies of the Mortgage Administrator

The following sections describe the Mortgage Administrator's administration procedures based on WBBS' current mortgage administration policies. WBSS as Mortgage Administrator will administer the Mortgage Loans and their Related Security in accordance with its policies applicable from time to time, but subject to the terms of the Mortgage Administration Agreement.

Customer Contact

All calls received by WBSS will be answered in accordance with regulatory and statutory requirements (for example the Data Protection Act and MCOB). Security checks will be carried out on all calls and calls will be recorded and will be subject to reasonable security controls.

Call capture rates and response times will be targeted and monitored to ensure customer service is acceptable.

Administration and Compliance

WBSS will undertake a security or signature check before personal information is discussed or a transaction completed. All activities will comply with legal requirements and guidelines set by regulatory bodies including the Data Protection Act, Council of Mortgage Lenders and FSA requirements, MCOB and the FSA's Treating Customers Fairly initiative.

All complaints will be handled in accordance with the Mortgage Administrator's internal complaints procedure, which complies with guidelines laid down by the FSA and Financial Ombudsman Service.

Title Deeds

In the case of Mortgage Loans originated prior to November 2005, title deeds in paper form are held with a third party custodian. For Mortgage Loans originated since November 2005, WBBS has followed the Land Registry in 'dematerialising' the paper deeds and now holds little or no title documentation of any kind in paper form. Since dematerialisation, the documents detailed below are the only original documents which continue to be held in paper form (and only where applicable to the relevant Mortgage Loan):

- (a) head lease;
- (b) company share certificate(s);
- (c) deed of postponement ; and
- (d) topslice guarantor guarantee.

Arrears and Default Procedures

When a Mortgage Loan is in arrears by a period greater than or equal to one month, the Mortgage Loan will be managed within WBBS's arrears management system ("AMS"). WBBS will contact the Borrower by phone and letter as soon as the Mortgage Loan enters the AMS. On contact with the Borrower the primary objective is to establish why the Borrower is in arrears. Once the reason for arrears has been established WBBS will endeavour to reach a mutually acceptable arrangement with the Borrower in order to clear the arrears over a reasonable time period, having due regard to the Borrower's individual circumstances which will be confirmed by income and expenditure details. All forbearance tools will be considered in order to find an agreed solution with the Borrower. Arrears will be monitored by the AMS, which ensures all diary dates are reviewed on their due date. Where it is not immediately possible to contact the Borrower, WBBS may consider it appropriate to instruct a field agent to visit the Borrower with a view to obtaining a complete view of the Borrower's circumstances.

Where a Mortgage Loan is in arrears by a period less than one month WBBS will send at least one letter per month to the Borrower to inform them of their position and will monitor the Borrower's account through a diary arrangement.

When a Borrower reaches a situation where accrued arrears are equal to or exceed three monthly payments, without a suitable arrangement being made or where a previously agreed arrangement has not been maintained, WBBS will have the right to escalate the action taken. WBBS also has the right to escalate the action taken where (in its reasonable opinion) there is evidence that a Borrower has no intention or ability to discharge the arrears on the Mortgage Loan and all forbearance options have been exhausted.

Provisioning

WBBS as Mortgage Administrator will determine the amount of provision for Principal Losses to be made against each of the outstanding Mortgage Loans from time to time in accordance with the practice of a Prudent Mortgage Lender.

Payments from Borrowers

The Mortgage Administrator will be responsible for the monitoring of payments falling due in respect of all Mortgage Loans.

Borrowers may make payments in respect of their Mortgage Loans by direct debit, debit card, standing order, by BACS (Bankers Automated Clearing System) or by cheque to the Collection Account in the name of the Originator.

Pursuant to the Collection Account Declaration of Trust, the Originator will establish a trust over the Collection Accounts. Under the terms of the trust, the Originator will hold all amounts and funds standing to the credit of the Collection Accounts on trust for the Originator Trustee (to the extent such amounts represent Revenue Receipts and Principal Receipts in respect of the Mortgage Loans) and the Originator in its own capacity (in respect of all other amounts).

All amounts in the Collection Accounts referable to the Issuer's Interest in the Originator Trust Property will be transferred by the Mortgage Administrator to the GIC Account by the close of business on the Business Day after the Business Day on which such amounts are credited to it. The Cash Manager may invest all amounts standing to the credit of the GIC Account in Authorised Investments or with the GIC Provider in accordance with the GIC Account Agreement, by the close of business on the same Business Day.

Application of Payments

If WBBS as Mortgage Administrator receives a payment from a Borrower in respect of a Mortgage Loan and the amount of such payment is insufficient to meet both the principal and interest payment obligations of the Borrower on such date, the Mortgage Administrator will attribute the amount of the payment to principal and interest in accordance with the provisions of the relevant Mortgage Condition.

Repayment of Mortgage Loans

The Mortgage Administrator will be responsible for handling the procedures connected with the repayment of Mortgage Loans and the release and discharge of any Mortgage and other Related Security.

Maintaining Security

The Mortgage Administrator is required under the terms of the Mortgage Administration Agreement to ensure safe custody of the title deeds, where held. (See the section entitled "*The Mortgage Administrator and the Mortgage Administration Agreement – Mortgage Servicing Policies of WBBS as Mortgage Administrator – Title Deeds*" above). Whilst WBBS is the Mortgage Administrator, it will arrange for paper form title deeds in its possession to be held by a third party custodian (the "**Title Deeds Holder**").

Product Switches and amendments to Mortgage Loans

Product Switches

Prior to the Step-Up Date and provided that no Insolvency Event in respect of WBBS has occurred, the Mortgage Administrator may agree to a request by a Borrower to convert his or her Mortgage Loan into any other type (or combination of types) of mortgage product offered by WBBS even if not expressly permitted or contemplated by the terms of the Mortgage Loan (any loan the subject of such a conversion being known as a "**Converted Loan**"), if (and only if) the following conditions (the "**Product Switch Conditions**") are satisfied:

- (a) the Converted Loan, its Related Security and the circumstances of the Borrower at the time the conversion is made comply with the Lending Criteria;
- (b) the mortgage documentation relating to such Converted Loan and its Related Security constitutes legal, valid and binding obligations of the relevant Borrower, provider of security or insurance company (as the case may be) except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretions in relation to equitable remedies;
- (c) the Converted Loan does not have a maturity date which is later than the date which is two years prior to the Final Maturity Date;
- (d) the conversion of the Mortgage Loan into the Converted Loan would not result in a Further Advance;
- (e) the conversion of the Mortgage Loan into the Converted Loan would not result in such Mortgage Loan being a Variable Rate Loan or a Discounted Variable Rate Loan;
- (f) the conversion of the Mortgage Loan into the Converted Loan would not result in such Mortgage Loan being a Fixed Rate Loan that converts to a Variable Rate Loan or a Discounted Variable Rate Loan at the end of the Product Period;
- (g) the Converted Loan is not a buy-to-let mortgage loan;

- (h) no Enforcement Notice has been given by the Trustee which remains in effect;
- (i) at the time of the proposed conversion, the relevant Borrower is not, so far as the Mortgage Administrator is aware, in material breach (including, without limitation, non-payment of any amounts due) of any of the conditions of the relevant Borrower's Mortgage Loan and such conditions will be satisfied immediately prior to the making of such conversion;
- (j) on the date immediately following the proposed date of conversion, there is no deficiency recorded in the Class A Principal Deficiency Sub-Ledger;
- (k) on the last day of the immediately preceding Calculation Period the aggregate Current Balances of all Mortgage Loans that were three months or more in arrears on such date did not exceed 3.0 per cent. of the aggregate Current Balances of all Mortgage Loans on such date;
- (l) the aggregate Current Balances of all the Interest-only Loans as a percentage of the aggregate Current Balances of all Mortgage Loans does not exceed 40 per cent. on the date of Conversion;
- (m) the amount standing to the credit of the General Reserve Fund is equal to the General Reserve Fund Required Amount; and
- (n) the Converted Loan does not have a current LTV greater than 60 per cent.

If a Mortgage Loan is converted into a Converted Loan in breach of any of the Product Switch Conditions, then the Originator will be required to reacquire the Converted Loan and its Related Security for a consideration in cash which is equal to the Reacquisition Amount. Performance of the obligation to repurchase or procure the repurchase of such Converted Loan and its Related Security will satisfy all of the Originator's liabilities in respect of such breach.

On or after the Step-Up Date or after the occurrence of an Insolvency Event in respect of WBBS, the Mortgage Administrator may not agree to amend or vary the Mortgage Loans and their Related Security unless such change falls into the category below, which may be made at any time.

Amendments to Mortgage Loans

In certain circumstances, the Mortgage Administrator may make certain amendments or variations to the Mortgage Loans and their Related Security in accordance with the terms and conditions of the Mortgage Administration Agreements provided that agreeing to such amendments or variations would be in accordance with the practices of a Prudent Mortgage Lender or where the Mortgage Administrator considers that to do so would be in the best interests of the Originator Trust Beneficiaries.

Any such amendments are at the sole discretion of the Mortgage Administrator and not a right of a Borrower. To ascertain whether any amendment is appropriate, the Mortgage Administrator will act as a Prudent Mortgage Lender and, in relation to any proposed material amendment, will reconsider the Mortgage Loan (and/or its Related Security) and carry out the equivalent analysis and approval process, as appropriate.

For the avoidance of doubt, the following changes may be made by the Mortgage Administrator in accordance with the practice of a Prudent Mortgage Lender and will not result in a Product Switch or a Mortgage Loan becoming a Converted Loan:

- (a) an addition or release of a party to the Mortgage Loan;
- (b) any variation agreed with a Borrower to prevent, control or manage arrears on the Mortgage Loan; or
- (c) any variation imposed by statute.

Insurance

The Mortgage Administrator will monitor the arrangements for insurance required in connection with the Mortgage Loans from time to time in accordance with the Mortgage Administrator's procedures.

Replacement Collection Account Bank

Upon the occurrence of the unsecured, unsubordinated and unguaranteed debt obligations of the Collection Account Bank ceasing to be rated the Required Rating, the Mortgage Administrator shall immediately notify the Issuer and Trustee of such occurrence and shall, in accordance with the terms of the Mortgage Administration Agreement, open a replacement collection account in the name of the Originator with a different entity (a "**Replacement Collection Account**") with the Required Rating or, to the extent possible, take such other action as may be required by the relevant rating criteria of the Rating Agencies at such time, within 30 days.

Fees

The Mortgage Administrator will be entitled to receive a fee for servicing the Mortgage Loans. On each Interest Payment Date, the Issuer will pay to the Mortgage Administrator an administration fee (inclusive of VAT, if any) of 0.15 per cent. per annum of the aggregate Current Balances of the Mortgage Loans as of the last day of the immediately preceding Calculation Period (or such fee as may be agreed by the delegate Mortgage Administrator upon its appointment). The unpaid balance (if any) will be carried forward to each succeeding Interest Payment Date and, if not paid before such time, will be payable on the earlier of: (i) the Final Maturity Date; or (ii) the redemption of the Notes in full by the Issuer. The Mortgage Administration Agreement also provides for the Mortgage Administrator to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Mortgage Administrator in the performance of its services under the Mortgage Administration Agreement.

Mortgage Administrator Delegation Events and appointment of delegate Mortgage Administrator

The Mortgage Administrator will be required to delegate the performance of its duties as Mortgage Administrator under the Mortgage Administration Agreement to the Back-Up Mortgage Administrator upon the occurrence of the following events (each a "**Mortgage Administrator Delegation Event**"):

- (a) the Mortgage Administrator defaults in payment or transfer of any amount due and such default remains unremedied for 30 days after the earlier of the Mortgage Administrator becoming aware of such default and the receipt of written notice by the Mortgage Administrator from the Issuer, the Originator or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied; or
- (b) the Mortgage Administrator fails to comply with any of its other covenants or obligations under the Mortgage Administration Agreement where such failure is materially prejudicial to the interests of the Noteholders and is not remedied for 30 days after the earlier of the Mortgage Administrator becoming aware of such default and the receipt of written notice by the Mortgage Administrator from the Issuer, the Originator or, following the delivery of an Enforcement Notice, the Trustee requiring the default to be remedied; or
- (c) the occurrence of an Insolvency Event in relation to the Mortgage Administrator.

Forthwith upon the appointment of the Back-Up Mortgage Administrator as delegate Mortgage Administrator, the Mortgage Administrator shall:

- (a) deliver the title deeds, the mortgage loan files and all books of account and other records maintained by the Mortgage Administrator relating to the Mortgage Loans and/or the Related Security to the Back-Up Mortgage Administrator; and
- (b) take such further action as the Issuer or, after the delivery of an Enforcement Notice, the Trustee shall reasonably direct to enable the services due to be performed by the Mortgage Administrator under the Mortgage Administration Agreement to be performed by the Back-Up Mortgage Administrator as delegate Mortgage Administrator.

Under the Mortgage Administration Agreement, WBBS will deliver a power of attorney in favour of the delegate Mortgage Administrator to enable the delegate Mortgage Administrator to perform the services due to be performed by the Mortgage Administrator under the Mortgage Administration Agreement in the name of WBBS.

Resignation by the Mortgage Administrator

WBBS may not voluntarily terminate its obligation to perform its duties as the Mortgage Administrator under the Mortgage Administration Agreement in any circumstance.

Delegation by the Mortgage Administrator prior to a Mortgage Administration Delegation Event

The Mortgage Administrator may sub-contract or delegate the performance of its duties (or any of them) under the Mortgage Administration Agreement, provided that it meets particular conditions, including that:

- the Issuer or, after the delivery of an Enforcement Notice, the Trustee consent to the proposed sub-contracting or delegation;
- notification has been given to each of the Rating Agencies;
- where the arrangements involve the custody or control of any customer files and/or title deeds relating to the Mortgage Loans, the sub-contractor or delegate will provide a written acknowledgement that those customer files and/or title deeds will be held to the order of the Issuer or, after delivery of an Enforcement Notice, the Trustee;
- where the arrangements involve the receipt by the sub-contractor or delegate of monies referable to the Issuer's interest in the Originator Trust Property which are to be paid into the GIC Account, the sub-contractor or delegate will execute a declaration that any such monies are held on trust for the Issuer;
- the sub-contractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services; and
- the Originator, the Issuer and the Trustee have no liability for any costs, charges or expenses in relation to the proposed sub-contracting or delegation.

The consent of the Issuer or, after the delivery of an Enforcement Notice, the Trustee referred to here (among other conditions) will not be required in respect of any delegation in whole or in part to a wholly owned subsidiary of WBBS from time to time or to persons such as receivers, lawyers or other relevant professionals in accordance with the practices of a Prudent Mortgage Lender.

If the Mortgage Administrator sub-contracts or delegates the performance of its duties, it will nevertheless remain liable at all times for administering the Mortgage Loans and for the acts or omissions of any delegate or sub-contractor (including in the case of a delegate Mortgage Administrator appointed following a Mortgage Administrator Delegation Event on a joint basis with the delegate Mortgage Administrator).

Back-Up Mortgage Administrator and Back-Up Mortgage Administrator Facilitator

The Issuer has appointed the Back-Up Mortgage Administrator pursuant to the Back-Up Mortgage Administration Agreement. Upon the occurrence of a Mortgage Administrator Delegation Event, WBBS will delegate the performance of the duties of the Mortgage Administrator to the Back-Up Mortgage Administrator as delegate Mortgage Administrator save for certain duties relating to the replacement of the GIC Provider and the administration of the Swap Collateral Accounts and the Back-Up Mortgage Administrator has agreed to accept such delegation on such terms.

The Issuer has appointed the Back-Up Mortgage Administrator Facilitator under the Mortgage Administration Agreement. Upon the occurrence of certain events in relation to the Back-Up Mortgage Administrator (see the section entitled "*Triggers Tables – Non Rating Triggers Table*" for further information), the Issuer, with the assistance of the Back-Up Mortgage Administrator Facilitator, shall, within 60 days of the occurrence of such event, use its best efforts to appoint a Back-Up Mortgage Administrator which has suitable experience and credentials to act as a replacement Back-Up Mortgage Administrator and which satisfies the then applicable criteria of the Rating Agencies.

Liability of the Mortgage Administrator

The Mortgage Administrator will indemnify the Issuer against all losses, liabilities, claims, expenses or damages incurred as a result of negligence, fraud or wilful default by the Mortgage Administrator in carrying out its functions under the Mortgage Administration Agreement or any other Transaction Document or as a result of a breach of the terms of the Mortgage Administration Agreement.

Governing Law

The Mortgage Administration Agreement and any non-contractual obligations arising out of or in connection with the Mortgage Administration Agreements will be governed by English law.

THE SWAP PROVIDERS

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC 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, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F-1 by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated A+ by Standard & Poor's Credit Market Services Europe Limited, Aa3 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2011, the Group had total assets of £1,563,402 million (2010: £1,490,038 million), total net loans and advances¹ of £478,726 million (2010: £465,741 million), total deposits² of £457,161 million (2010: £423,777 million), and total shareholders' equity of £65,170 million (2010: £62,641 million) (including non-controlling interests of £3,092 million (2010: £3,467 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2011 was £5,974 million (2010: £6,079 million) after credit impairment charges and other provisions of £3,802 million (2010: £5,672 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2011.

¹ Total net loans and advances include balances relating to both bank and customer accounts.

² Total deposits include deposits from bank and customer accounts.

THE BACK-UP MORTGAGE ADMINISTRATOR

Crown Mortgage Management Limited is a private limited company incorporated in England and Wales on 3 August 1967 and registered under company number 00912411.

Crown Mortgage Management Limited is one of the mortgage administration industry's longest established organisations and is rated RPS3+ by Fitch Ratings Limited and ranked "Above Average" by S&P, in each case for primary servicing and RSS 3+ and "Average" in each case for special servicing of residential mortgage loans.

Crown Mortgage Management Limited currently services in excess of £5.2 billion of mortgage assets and has the experience of being the only back-up mortgage administrator to date to have been called to undertake mortgage servicing in the United Kingdom having been a back-up mortgage administrator.

Crown Mortgage Management Limited has an ISO 9001:2008 certification, is an Associate Member of the Council of Mortgage Lenders and is authorised and regulated by the Financial Services Authority under registration number 306235. It holds all relevant CCA licences and is registered under the Data Protection Act 1998.

The registered office of Crown Mortgage Management Limited is at Crown House, Crown Street, Ipswich, Suffolk IP1 3HS.

KEY STRUCTURAL FEATURES

SUMMARY OF CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. There are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Class A Noteholders, as follows:

- Available Issuer Revenue is expected to exceed the interest due and payable on the Notes and all other items ranking in priority to such amounts in the Payments Priorities;
- A Revenue Shortfall on any Interest Payment Date may be funded by amounts standing to the credit of the General Reserve Fund;
- A Remaining Revenue Shortfall on any Interest Payment Date may be funded by Available Issuer Principal;
- Payments of interest on the Class B Notes are subordinated to payments of interest on the Class A Notes and payments of interest on the Class B Notes may be deferred where the Issuer has insufficient funds to pay such amounts;
- Payments of principal on the Class B Notes are subordinated to payments of principal on the Class A Notes;
- The Issuer Principal Losses will be allocated in the Principal Deficiency Ledger, first to the Class B Notes and second to the Class A Notes;
- Amounts invested in the GIC Account earn interest at a specified rate and amounts credited to the GIC Account may be invested in Authorised Investments;
- A Subordinated Loan is provided by the Subordinated Loan Provider to: (i) fund the General Reserve Fund on the Closing Date up to the General Reserve Fund Required Amount; and (ii) meet the Issuer's costs in connection with the issuance of the Notes. The repayment of the Subordinated Loan is subordinated to payments of interest and principal on the Class A Notes; and
- The Issuer will enter into the Swap Agreements to hedge against the possible variance between the fixed and floating interest rates due and payable by Borrowers in respect of the Tracker Rate Loans, Discounted Tracker Rate Loans and Fixed Rate Loans and the LIBOR based interest payments in respect of the Notes.

Each of these factors is considered in more detail below.

CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

Credit Support for the Notes provided by Available Issuer Revenue

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Mortgage Loans, after taking into account the hedging arrangements under the Swap Agreements, will be sufficient so that the Available Issuer Revenue will cover at least the amounts payable under items (a) to (m) inclusive of the Pre-Enforcement Revenue Payments Priorities. The amount available following payment of amounts of items (a) to (m) (inclusive) of the Pre-Enforcement Revenue Payments Priorities to pay Swap Subordinated Amounts, interest and principal on the Subordinated Loan and to be applied as Deferred Consideration will vary during the life of the Notes. The amount available following payment of amounts of items (a) to (n) (inclusive) of the Pre-Enforcement Revenue Priority of Payments will, following a Mortgage Administrator Report Failure Event, be retained and following subsequent receipt of the relevant Mortgage Administrator Reports, will be retained by the Issuer and applied (after the payment of and/or provision for Reconciliation Amounts) to fund payments of prior ranking items in the Pre-Enforcement Payments Priorities (see "*Key Structural Features – Credit Enhancement and Liquidity Support – Certain Available Issuer Revenue to be credited to the Mortgage Administrator Failure Reserve Fund following a Mortgage Administrator Report Failure Event*" below for further information). One of the key factors determining such variation is the performance of the Mortgage Loans.

Available Issuer Revenue may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Payments Priorities) on each Interest Payment Date towards reducing any debit balance to the Principal Deficiency Ledger which may arise from: (i) Issuer Principal Losses; and (ii) using Available Issuer Principal to make up any Remaining Revenue Shortfall.

In addition, Available Issuer Revenue may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Payments Priorities) on each Interest Payment Date up to the Revenue Surplus Required Amount in increasing the amount of Available Issuer Principal available on such Interest Payment Date (see "*Certain Available Issuer Revenue to be used as Available Issuer Principal*" below).

Liquidity support provided to the Class A Notes by use of General Reserve Fund to fund Revenue Shortfall and Available Issuer Principal to fund Remaining Revenue Shortfall

On each Calculation Date, if following application of Available Issuer Revenue (excluding for these purposes amounts in respect of items (i) and (j) of that definition) the Cash Manager determines that there would be a Revenue Shortfall, the Cash Manager on behalf of the Issuer will, on the relevant Interest Payment Date, pay or provide for such Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund.

On each Calculation Date, if following application of Available Issuer Revenue (including for these purposes amounts in respect of item (i) of that definition but excluding amounts in respect of item (j) of that definition) the Cash Manager determines that there would be a Remaining Revenue Shortfall, the Cash Manager on behalf of the Issuer will, on the relevant Interest Payment Date, pay or provide for such Remaining Revenue Shortfall by applying Available Issuer Principal.

For more information about the application of the General Reserve Fund to fund Revenue Shortfalls and the application of Available Issuer Principal to fund Remaining Revenue Shortfalls, see the section entitled "*Cashflows and Cash Management*".

Subordination of principal payments on Class A2 Notes

Prior to the service of an Enforcement Notice, payments of principal on each sub-class of the Class A Notes will be made first, to the Class A1 Notes and, second, to the Class A2 Notes in accordance with the Pre-Enforcement Principal Payments Priorities. At all other times payments of principal on the Class A Notes will, amongst themselves, rank *pro rata* and *pari passu*.

Subordination of the Class B Notes

Prior to the delivery of an Enforcement Notice, payments of interest and principal on the Class B Notes will be subordinated, prior to the Step-Up Date, to payments of interest and principal on the Class A Notes respectively and on or following the Step-Up Date to all payments of interest and principal on the Class A Notes, in each case, in accordance with the Pre-Enforcement Payments Priorities.

Following the delivery of an Enforcement Notice, payments of interest and principal on the Class B Notes will be subordinated to payments of interest and principal on the Class A Notes in accordance with the Post Enforcement Payments Priorities.

Deferral of interest payments on the Class B Notes

On each Interest Payment Date interest will be due and payable on each class of Notes.

If the Issuer has insufficient funds to pay any Interest Amounts on the Class B Notes, the relevant Interest Amounts on the Class B Notes may be deferred until the earlier of: (i) the Interest Payment Date on which the Issuer has sufficient funds to pay such Interest Amounts (plus any Additional Interest thereon); and (ii) the Final Maturity Date.

Until such date, the deferral of an Interest Amount in respect of the Class B Notes will not constitute an Event of Default. The Interest Amount scheduled to be paid on each Interest Payment Date for the Class B Notes will be increased to take account of any such deferral and the accrual of Additional Interest. However, if there is insufficient money available to the Issuer to pay interest and Additional Interest (if

any) on the Class B Notes on the Final Maturity Date, then the relevant Noteholders may not receive all amounts due in respect of interest in accordance with the Conditions.

Payments of Interest Amounts on the Class A Notes cannot be deferred and, if Interest Amounts on the Class A Notes remain unpaid 15 days following the relevant Interest Payment Date, this will constitute an Event of Default.

It is not intended that any surplus will be accumulated in the Issuer, other than, for the avoidance of doubt, the Issuer Profit Amount, amounts standing to the credit of the Swap Collateral Account (if applicable), amounts standing to the credit of the General Reserve Fund and, while a Mortgage Administrator Report Failure Event is continuing, amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund.

Principal Losses are allocated to the Class B Principal Deficiency Sub-Ledger in the first instance

On each Calculation Date, the Cash Manager will determine the amount of Issuer Principal Losses.

A Principal Deficiency Ledger, comprising two sub-ledgers (one relating to each class of Notes), will be established on the Closing Date in order to record the Issuer Principal Losses and/or the application of Available Issuer Principal to fund any Remaining Revenue Shortfall. The use of Available Issuer Principal to reduce or eliminate amounts debited to the Revenue Surplus Ledger will not be recorded on the Principal Deficiency Ledger.

Losses or debits recorded on the Class A Principal Deficiency Sub-Ledger will be recorded in respect of the Class A1 Notes and Class A2 Notes. Losses or debits recorded on the Class B Principal Deficiency Sub-Ledger will be recorded in respect of the Class B Notes.

The Issuer Principal Losses and the amount of any Available Issuer Principal applied to fund a Remaining Revenue Shortfall will be recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) *first*, to the Class B Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and
- (b) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Amounts allocated to the Principal Deficiency Ledger shall be reduced to the extent of Available Issuer Revenue available to effect such a reduction on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Payments Priorities, as follows:

- (a) *first*, to the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and
- (b) *second*, to the Class B Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

Available Issuer Revenue allocated as described above will be applied in or towards redemption of the relevant class of Notes as Available Issuer Principal on the relevant Interest Payment Date in accordance with the Pre-Enforcement Principal Payments Priorities.

Certain Available Issuer Revenue to be credited to the Mortgage Administrator Failure Reserve Fund following a Mortgage Administrator Report Failure Event

If a Mortgage Administrator Report Failure Event has occurred and is continuing on a Calculation Date, on the following Interest Payment Date all Available Issuer Revenue following payment of items (a) to (n) inclusive of the Pre-Enforcement Revenue Payments Priorities will be credited to the Mortgage Administrator Failure Reserve Fund. The Mortgage Administrator Failure Reserve Fund will be credited to the GIC Account (with a corresponding credit to the Mortgage Administrator Failure Reserve Ledger).

If the Mortgage Administrator Report Failure Event is remedied by the delivery of the relevant Mortgage Administrator Report prior to any subsequent Calculation Date falling prior to the delivery of an Enforcement Notice, on the related Interest Payment Date the Cash Manager will apply amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund as follows:

- (a) *first*, to pay or provide for any Reconciliation Amounts; and
- (b) *second*, as Available Issuer Revenue.

Following delivery of an Enforcement Notice, amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund will form part of the Post Enforcement Issuer Amounts.

If funds are released from the Mortgage Administrator Failure Reserve Fund on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the Mortgage Administrator Failure Reserve Ledger.

Certain Available Issuer Revenue to be used as Available Issuer Principal

Prior to the Step-Up Date, excess Available Issuer Revenue, following payment of interest on the Class B Notes, will be applied as Available Issuer Principal in order to repay the Class A Notes. On and following the Step-Up Date, excess Available Issuer Revenue, following payment of the Issuer Profit Amount, will be applied as Available Issuer Principal in order to repay the Class A Notes. Available Issuer Revenue applied in this manner will be reflected by a debit entry in the Revenue Surplus Ledger. Available Issuer Principal, following repayment in full of the Class A Notes, shall be applied as Available Issuer Revenue, to the extent there is a debit on Revenue Surplus Ledger (following such application, the debit balance on the Revenue Surplus Ledger will be reduced by such amount).

GIC Account

All monies received by the Issuer will be deposited in the GIC Account. The GIC Account is maintained with the GIC Provider. The GIC Account is subject to a guaranteed investment contract, under which the GIC Provider has agreed to pay a variable rate of interest on sums in the GIC Account of at least 0.40 per cent. per annum below LIBOR for three-month Sterling deposits. The Issuer (or the Cash Manager on its behalf) may invest sums standing to the credit of the GIC Account in Authorised Investments.

Upon the occurrence of the unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider ceasing to be rated the Required Rating, the Issuer shall within 30 days:

- (a) together with the GIC Provider and the Cash Manager, use all reasonable endeavours to replace the GIC Provider or obtain a guarantee of the GIC Provider's obligations; and/or
- (b) open a replacement GIC Account with a different entity with the Required Rating or, to the extent possible, take such other action as may be required by the relevant rating criteria of the Rating Agencies at such time.

Subordinated Loan

The Issuer will enter into the Subordinated Loan Agreement with the Subordinated Loan Provider on or about the Closing Date. Pursuant to this agreement, the Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan on the Closing Date (the "**Subordinated Loan**"). The Subordinated Loan will be a loan subordinated to the Issuer's other payment obligations, which will be used by the Issuer to: (a) fund the General Reserve Fund on the Closing Date in an amount equal to £10,173,000; and (b) meet costs and expenses incurred by the Issuer in respect of the issuance of the Notes on the Closing Date. The amount of the Subordinated Loan on the Closing Date will be £12,373,000.

The Subordinated Loan will bear interest until repaid at a rate of 3 month LIBOR plus 2.0 per cent. per annum, which will be payable on each Interest Payment Date. Any unpaid interest will not fall due but will instead be due and payable on the next following Interest Payment Date on which sufficient funds are available to pay the unpaid amount and, pending such payment, will itself bear interest at a rate of 3 month LIBOR plus 2.0 per cent. per annum.

The Issuer will repay the Subordinated Loan:

- (a) on each Interest Payment Date, to the extent that it has Available Issuer Revenue to make such payment in accordance with the relevant Payments Priorities, or on the Final Maturity Date or on such other date on which the Notes are redeemed in full;

- (b) on the first Interest Payment Date, to the extent that the proceeds of the drawing of the Subordinated Loan on the Closing Date exceed the amount required to fund the General Reserve Fund up to the General Reserve Fund Required Amount and meet the costs and expenses of the Issuer in respect of the issuance of the Notes; and
- (c) on the Interest Payment Date on which the Class A Notes are redeemed in full, to the extent of amounts standing to the credit of the General Reserve Fund.

The amounts in paragraphs (b) and (c) above will be: (i) paid directly to the Subordinated Loan Provider without reference to the Payments Priorities (and will not form part of Available Issuer Revenue or Available Issuer Principal); and (ii) applied first to payments of interest and second to payments of principal in respect of the Subordinated Loan.

Collection Account Declaration of Trust

Pursuant to the Collection Account Declaration of Trust, WBBS will declare a trust over its beneficial interest in each Collection Account in favour of the Originator Trustee (to the extent such amounts represent Revenue Receipts and Principal Receipts in respect of the Mortgage Loans) and the Originator in its own capacity (in respect of all other amounts). Under the Collection Account Declaration of Trust, amounts credited to each Collection Account which comprise Originator Trust Property will be held on trust by WBBS subject to the terms of the Originator Trust Deed while amounts which do not comprise Originator Trust Property will be held on trust for the Originator.

Under the Collection Account Declaration of Trust, WBBS will undertake to notify the Collection Account Bank of the Collection Account Declaration of Trust following the Closing Date.

Cash Manager

The Issuer has appointed the Cash Manager pursuant to the Cash Management Agreement. Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer. The Cash Manager's principal functions will be effecting payments to and from the GIC Account, making calculations and preparing the Monthly Investor Reports on behalf of the Issuer.

The Cash Manager may, with the prior written consent of the Issuer and the Trustee, appoint any person as its sub-contractor to carry out all or part of the cash management services subject to certain conditions, including that the Cash Manager shall not be released or discharged from any liability whatsoever under the Cash Management Agreement.

Back-Up Cash Manager

The Issuer has appointed the Back-Up Cash Manager pursuant to the Back-Up Cash Management Agreement.

Following the occurrence of certain events (see the section entitled "*Triggers Tables – Non Rating Triggers Table*" for further information), the appointment of the Cash Manager will be terminated and the Back-Up Cash Manager will be appointed as successor Cash Manager in accordance with the terms of the Back-Up Cash Management Agreement. Pursuant to the Back-Up Cash Management Agreement, the Back-Up Cash Manager has agreed to accept such appointment.

Swap Agreements

Interest payable by Borrowers under the Mortgage Loans will be determined by reference to certain fixed and variable rates of interest, which will be determined on a different basis from the floating rate of interest payable by the Issuer on the Notes. In order to hedge against the variance between: (i) the rates of interest payable by Borrowers under the Tracker Rate Loans and Discounted Tracker Rate Loans and the rates of interest payable by the Issuer on the Notes; and (ii) the rates of interest payable by Borrowers under the Fixed Rate Loans and the rates of interest payable by the Issuer on the Notes, the Issuer will enter into Swap Transactions. Each Swap Transaction will constitute a transaction pursuant to a 1992 ISDA Master Agreement to be entered into (together with a Schedule, Confirmation and Credit Support Annex thereto) between the Issuer and the relevant Swap Provider on the Closing Date.

The Issuer will not enter into a swap agreement to hedge against the variance between the rates of interest payable by Borrowers under the Variable Rate Loans and Discounted Variable Rate Loans and the rates of interest payable by the Issuer on the Notes.

The BBR Swap Agreement

Under the BBR Swap Agreement, on each Interest Payment Date:

- (a) the Issuer will pay to the BBR Swap Provider an amount equal to the product of 99 per cent., the Tracker Rate Loan Balance in respect of the applicable Calculation Period, the weighted average Bank of England base rate applicable to the Tracker Rate Loans and Discounted Tracker Rate Loans during the relevant Calculation Period (as notified to the BBR Swap Provider by the Cash Manager) and the number of days in respect of the applicable Calculation Period divided by 365; and
- (b) the BBR Swap Provider will pay to the Issuer an amount equal to the product of 99 per cent., the Tracker Rate Loan Balance in respect of the applicable Calculation Period as notified to the BBR Swap Provider by the Cash Manager, 3 month LIBOR plus a spread and the number of days in the applicable Calculation Period divided by 365.

The Fixed Rate Swap Agreement

Under the Fixed Rate Swap Agreement, on each Interest Payment Date:

- (a) the Issuer will pay to the Fixed Rate Swap Provider an amount equal to the product of 99 per cent., the Fixed Rate Loan Balance in respect of the applicable Calculation Period, the weighted average interest rate applicable to the Fixed Rate Loans during the relevant Calculation Period (as notified to the Fixed Rate Swap Provider by the Cash Manager) and the number of days in respect of the applicable Calculation Period divided by 365; and
- (b) the Fixed Rate Swap Provider will pay to the Issuer an amount equal to the product of 99 per cent., the Fixed Rate Loan Balance in respect of the Calculation Period (as notified to the Fixed Rate Swap Provider by the Cash Manager), 3 month LIBOR plus a spread and the number of days in the applicable Calculation Period divided by 365.

Ratings Downgrade

If, at any time following the Closing Date, the short term or long-term, unsecured and unsubordinated debt obligations of any Swap Provider or any guarantor, as applicable, are downgraded by a Rating Agency below the required ratings specified in the relevant Swap Agreement for the relevant Swap Provider, the relevant Swap Provider will be required to take certain remedial measures which may include (depending on the extent of the downgrade) providing collateral for its obligations, arranging for its obligations to be transferred to an entity with the ratings required by the relevant Rating Agency or procuring another entity with the rating required by the relevant Rating Agency to become a co-obligor or guarantor in respect of its obligations or taking such other action (which may include inaction) necessary so that the rating of the Notes that are rated (the "**Rated Notes**") following such action will be rated no lower than the Rated Notes would be rated but for the downgrade. A failure to take such steps will allow the Issuer to terminate the relevant Swap Agreement.

Termination of the Swap Agreements

Each of the Swap Agreements may be terminated in, *inter alia*, the following circumstances (each, a "**Swap Early Termination Event**"):

- (a) at the option of one party to the swap, if there is a failure by the other party to pay any amounts due and payable in accordance with the terms of the relevant Swap Agreement and any applicable grace period has expired;
- (b) service by the Trustee of an Enforcement Notice on the Issuer pursuant to Condition 13 (*Events of Default*);

- (c) upon the Bankruptcy of the relevant Swap Provider (as defined in the relevant Swap Agreement) or certain insolvency events with respect to the Issuer (as set out in the relevant Swap Agreement) or the merger of the relevant Swap Provider with another entity without an assumption by the entity created by such merger of the obligations of the relevant Swap Provider under the relevant Swap Agreement;
- (d) upon the occurrence of a Tax Event, Tax Event Upon Merger or an Illegality (as defined in the relevant Swap Agreement);
- (e) if the relevant Swap Provider is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant swap agreement and described above in the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support - Ratings Downgrade*";
- (f) if the Pre-Enforcement Payments Priorities or the Post Enforcement Payments Priorities is amended (in any case, other than in accordance with the Cash Management Agreement and/or the Deed of Charge, as the case may be, or with the prior written consent of the relevant Swap Provider), such that the Issuer's obligations to such Swap Provider under the relevant Swap Agreement are further contractually subordinated to the Issuer's obligations to any other Secured Creditor; and
- (g) if any Transaction Document is amended without the relevant Swap Provider's prior written consent, in such a manner that the relevant Swap Provider would, immediately after such amendment, be required to pay more or receive less were it to replace itself as Swap Provider under the relevant Swap Agreement than would otherwise have been the case had such amendment not taken place.

Upon the occurrence of a Swap Early Termination Event either the Issuer or the relevant Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will be based on the market value of the terminated swap based on market quotations of the cost of entering into a swap with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that market quotation cannot be determined).

Except where the Swap Provider has caused a Swap Agreement to terminate as a result of its own default or pursuant to a Swap Provider Downgrade Event (in which case any termination payment due to that Swap Provider will be a Swap Subordinated Amount), any termination payment in respect of such Swap Agreement due by the Issuer to the Swap Provider will rank in priority to payments of interest and principal (in the Pre-Enforcement Revenue Payments Priorities and the Post Enforcement Payments Priorities) due on the Class A Notes.

The Issuer will apply any termination payment it receives from a termination of any Swap Agreement (including, for the avoidance of doubt, any net amount due to the Issuer under such Swap Agreement in respect of an early termination date designated thereunder and discharged by way of application of the relevant amount of the Swap Collateral held by the Issuer in the Swap Collateral Account in accordance with the relevant Swap Agreement) to purchase a replacement swap (as described below). If, following the termination of any Swap Agreement, a replacement swap is not found, such termination payment shall be deposited in the Swap Collateral Account and applied to purchase any replacement swap entered into at a future date. Following the application of a termination payment to purchase a replacement swap, and payment of the termination payment to the Swap Provider (if any) and if satisfied from amounts standing to credit of Swap Collateral Accounts, any excess amount of the termination payment remaining will constitute Available Issuer Revenue. To the extent that the Issuer receives a premium under any replacement swap, it shall apply such premium first to make any termination payment due under the related terminated swap(s) and any remainder will constitute Available Issuer Revenue.

In addition, the Swap Agreements may terminate upon the repayment in full of the Class A Notes.

Taxation

The Issuer is not obliged under the Swap Agreements to gross up payments made by it if withholding taxes are imposed on payments made under the relevant Swap Agreement.

The Swap Provider is always obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made by it to the Issuer under the relevant Swap Agreement. The imposition of withholding taxes on payments made by the relevant Swap Provider under the relevant Swap Agreement will constitute a Tax Event or a Tax Event Upon Merger (each as defined in the relevant Swap Agreement) and will give the relevant Swap Provider the right to terminate the relevant Swap Agreement subject to the terms thereof.

The Issuer shall repay the amount of any Swap Tax Credit in relation to any Swap Agreement directly to the relevant Swap Provider without reference to the Payments Priorities.

Governing Law

The Swap Agreements and any non contractual obligations arising in out of or in relation to the Swap Agreements will be governed by English law.

Payments by the Cash Manager

All payments referred to in this Prospectus expressed to be made by the Issuer in respect of a Swap Agreement are to be carried out by the Cash Manager on behalf of the Issuer and pursuant to the Cash Management Agreement.

Replacement of a Swap Agreement

Replacement upon early termination

In the event that any Swap Agreement is terminated prior to its scheduled termination date, and prior to the service of an Enforcement Notice or the redemption in full of all outstanding Notes, the Issuer shall use its reasonable efforts to enter into a replacement swap agreement.

Depending on the circumstances prevailing in the market at the time, the Issuer or the replacement swap provider may be liable to make a payment to the other in order to enter into a replacement swap agreement. If a Replacement Swap Premium is payable by the replacement swap provider to the Issuer, any such amount received by the Issuer will be used first to pay any termination payment due under the Swap Agreement which has been terminated and is being replaced, with any remainder applied as Available Issuer Revenue. If a Replacement Swap Premium is payable by the Issuer to the replacement swap provider, the Issuer may not have sufficient funds standing to the credit of the relevant Swap Collateral Account in order to make such payment and therefore may be unable to enter into a replacement swap agreement.

Replacement in other circumstances

The Swap Provider has the right, at any time upon giving prior notice to the Issuer, the Trustee and the relevant Swap Provider, to require that any Swap Transaction be transferred or novated by the relevant Swap Provider to the a third party, provided that, *inter alia*: (i) certain requirements of the Rating Agencies (as set out in the relevant Swap Agreement) are complied with or each of the Rating Agencies confirms that such transfer or novation will not have an adverse effect on the then current ratings of the Notes; (ii) the replacement swap is on terms which have the same effect as the existing swap as to payment and delivery, and are in all other material respects no less beneficial to the Issuer than the terms of the existing Swap Transaction; and (iii) no unfunded additional amounts (including any swap termination payment) will become payable by the Issuer to the relevant Swap Provider as a result of such transfer or novation.

Credit Support Annex

On or around the Closing Date, each Swap Provider will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Issuer (each a "**Credit Support Annex**") in support of the obligations of that Swap Provider under the relevant Swap Agreement. Pursuant to the terms of each Credit Support Annex, if at any time the relevant Swap Provider is required to provide collateral in respect of any of its obligations under the relevant Swap Agreement the relevant Swap Provider will, subject to the conditions specified in the Credit Support Annex and the relevant Swap Agreement, make transfers of collateral to the Issuer in respect of its obligations under the relevant Swap Agreement. The Issuer will be obliged to return such collateral in accordance with the terms of the Credit Support Annex.

Swap Collateral

In the event that a Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under any Swap Agreement in accordance with the terms of the relevant Credit Support Annex, that collateral (and any interest and/or distributions earned thereon) will be credited to the Swap Collateral Account. In addition, upon any early termination of any Swap Agreement: (i) any Replacement Swap Premium received by the Issuer from a replacement Swap Provider; and/or (ii) any termination payment received by the Issuer from the outgoing Swap Provider will be credited to the relevant Swap Collateral Account.

The Issuer will not have an interest in amounts standing to the credit of the Swap Collateral Account except to the extent that such amounts are required to be applied in accordance with the terms of the relevant Swap Agreement and Credit Support Annex to satisfy the relevant Swap Provider's payment obligations under the relevant Swap Agreement or to pay any Replacement Swap Premium due from the Issuer to a replacement Swap Provider or any termination payment due from the Issuer to a Swap Provider in respect of a terminated Swap Agreement.

Any cash credited to the Swap Collateral Accounts may be invested by the Cash Manager acting at the request of the Issuer on terms to be agreed with the Swap Counterparty in eligible swap collateral investments (as defined in the relevant Credit Support Annex and which includes money market funds). Such eligible swap collateral investments shall be held by the Mortgage Administrator provided that the Mortgage Administrator retains the right to refuse to hold such eligible swap collateral investments if it is not capable, in accordance with its internal policies, of holding such investments in the Swap Collateral Account.

CASHFLOWS AND CASH MANAGEMENT

APPLICATION OF REVENUE RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

On each Calculation Date prior to the service of an Enforcement Notice, the Cash Manager will determine the Net Revenue, the Issuer Revenue, the Available Issuer Revenue and the Revenue Receipts, each as defined below. The Available Issuer Revenue will be applied in accordance with the Pre-Enforcement Revenue Payments Priorities on the following Interest Payment Date.

Definition of Revenue Receipts, Net Revenue, Issuer Revenue, Available Issuer Revenue and Revenue Receipts

"**Revenue Receipts**" means payments received by the Originator Trustee representing:

- (a) payments of interest on the Mortgage Loans (including amounts derived from Arrears of Interest and Accrued Interest but excluding Capitalised Arrears and Capitalised Interest, if any) and Third Party Amounts due from time to time under the Mortgage Loans;
- (b) recoveries of interest (excluding Capitalised Arrears and Capitalised Interest, if any) from defaulting Borrowers under Mortgage Loans being enforced;
- (c) recoveries of interest (excluding Capitalised Arrears and Capitalised Interest, if any) from defaulting Borrowers under Mortgage Loans in respect of which enforcement procedures have been completed;
- (d) such proportion of each Reacquisition Amount as is attributable to interest amounts in respect of the Mortgage Loans (excluding, for the avoidance of doubt, Capitalised Arrears and Capitalised Interest, if any); and
- (e) any Early Repayment Charges which have been paid by Borrowers in respect of the Mortgage Loans.

"**Net Revenue**" means, for each Interest Payment Date, the aggregate Revenue Receipts collected during the related Calculation Period *less* amounts collected during the related Calculation Period which properly belong to third parties such as (but not limited to):

- (a) payments of certain insurance premia where such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- (b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account; and
- (c) 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 or the Originator,

(such amounts, including items (a), (b) and (c) above being collectively referred to herein as "**Third Party Amounts**").

"**Issuer Revenue**" means, for each Interest Payment Date, the amount that is 99 per cent. of the Net Revenue for such Interest Payment Date.

"**Available Issuer Revenue**" means, for each Interest Payment Date, an amount equal to the aggregate of (without double-counting):

- (a) the Issuer Revenue received by the Issuer during the related Calculation Period;
- (b) interest received by the Issuer in respect of the GIC Account and income received from or in respect of any Authorised Investments, in each case received during the related Calculation Period;

- (c) all amounts received by the Issuer under or in respect of the Swap Agreements or any replacement swap agreement (other than Swap Excluded Receipts) on such Interest Payment Date or during the related Calculation Period.
- (d) any other income of the Issuer received during the related Calculation Period;
- (e) any amounts released from the General Reserve Fund when the General Reserve Fund Required Amount is reduced to zero (on redemption in full of the Class A Notes), to the extent not required to repay interest and principal on the Subordinated Loan;
- (f) any amount of Available Issuer Principal to be applied in accordance with item (f) of the Pre-Enforcement Principal Payments Priorities once the Notes have been redeemed in full;
- (g) any amounts released from the Mortgage Administrator Failure Reserve Fund, following the subsequent receipt of the relevant Mortgage Administrator Reports, to the extent not required to pay or provide for a Reconciliation Amount;
- (h) any amount of Available Issuer Principal to be applied on that Interest Payment Date in reducing the debit balance of the Revenue Surplus Ledger in accordance with item (d) of the Pre-Enforcement Principal Payments Priorities;

plus

- (i) if a Revenue Shortfall occurs (as a result of the aggregate of items (a) to (h) above being insufficient to pay or provide for items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities), the amount then standing to the credit of the General Reserve Ledger to the extent necessary to cover such Revenue Shortfall;

plus

- (j) if a Remaining Revenue Shortfall occurs (as a result of the aggregate of items (a) to (i) above being insufficient to pay or provide for items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities), Available Issuer Principal for such Interest Payment Date in an aggregate amount sufficient to cover such Remaining Revenue Shortfall;

plus

- (k) following a Mortgage Administrator Report Failure Event and the subsequent receipt of the relevant Mortgage Administrator Reports, any amount debited from the Mortgage Administrator Failure Reserve Fund, and any Available Issuer Principal to the extent required to pay or provide for any Reconciliation Amount;

less

- (l) following a Mortgage Administrator Report Failure Event and the subsequent receipt of the relevant Mortgage Administrator Reports, any amount of Available Issuer Revenue applied to pay or provide for any Reconciliation Amount.

General Reserve Fund and General Reserve Ledger

On the Closing Date, a fund will be established called the General Reserve Fund. The General Reserve Fund will be funded on the Closing Date through part of the proceeds of a drawing under the Subordinated Loan Agreement in the sum of £10,173,000 (being an amount equal to 3 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date). The General Reserve Fund will be credited to the GIC Account (with a corresponding credit to the General Reserve Ledger).

After the Closing Date and prior to redemption in full of the Class A Notes, the General Reserve Fund will be replenished from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities on each Interest Payment Date, up to the General Reserve Fund Required Amount.

Following redemption in full of the Class A Notes, the Issuer will not be required to maintain the General Reserve Fund and the General Reserve Fund Required Amount will be zero, at which point, amounts

standing to the credit of the General Reserve Fund will be used to pay accrued interest and outstanding principal in respect of the Subordinated Loan in full. Any remainder will be used as Available Issuer Revenue.

Application of General Reserve Fund to fund Revenue Shortfall

Prior to service of an Enforcement Notice, amounts standing to the credit of the General Reserve Fund will be applied as Available Issuer Revenue on any Interest Payment Date to the extent required to make up any Revenue Shortfall on such Interest Payment Date.

If funds standing to the credit of the General Reserve Fund are applied to fund a Revenue Shortfall on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the General Reserve Ledger.

Application of Available Issuer Principal to fund Remaining Revenue Shortfall

Prior to service of an Enforcement Notice, Available Issuer Principal will be applied as Available Issuer Revenue on any Interest Payment Date to the extent required to make up any Remaining Revenue Shortfall on such Interest Payment Date.

If Available Issuer Principal is applied to fund a Remaining Revenue Shortfall on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the Principal Deficiency Ledger.

Application of Available Issuer Revenue prior to the service of an Enforcement Notice

On each Interest Payment Date prior to the service of an Enforcement Notice, 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 an amount equal to the Available Issuer Revenue in the following order of priority (the "**Pre-Enforcement Revenue Payments Priorities**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Trustee and any Appointee under the provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration then due and payable to the Agent Bank, the Registrar, the Transfer Agent and the Paying Agents and any fees, costs, charges, liabilities and expenses then due or to become due and payable in the immediately succeeding Interest Period to them under the provisions of the Agency Agreement together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any amounts then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Corporate Services Provider in the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the GIC Provider and any fees, costs, charges, liabilities and expenses then due and payable to the GIC Provider in the immediately succeeding Interest Period under the provisions of the GIC Account Agreement, together with (if applicable) VAT thereon as provided therein;
 - (iii) any amounts then due and payable to the Mortgage Administrator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Mortgage Administrator in the immediately succeeding Interest Period under the provisions of the

- Mortgage Administration Agreement, together with VAT (if payable) thereon as provided therein;
- (iv) any amounts then due and payable to the Back-Up Mortgage Administrator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Mortgage Administrator in the immediately succeeding Interest Period under the provisions of the Back-Up Mortgage Administration Agreement, together with VAT (if payable) thereon as provided therein;
 - (v) any amounts then due and payable to the Back-Up Mortgage Administrator Facilitator and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Mortgage Administrator Facilitator in the immediately succeeding Interest Period under the provisions of the Mortgage Administration Agreement, together with VAT (if payable) thereon as provided therein;
 - (vi) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the immediately succeeding Interest Period under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein; and
 - (vii) any amounts then due and payable to the Back-Up Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager in the immediately succeeding Interest Period under the provisions of the Back-Up Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
- (d) *fourth*, in or towards payment of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (j) below));
 - (e) *fifth*, in or towards payment *pro rata* and *pari passu* of any amounts due to the Swap Providers in respect of the Swap Agreements (other than: (i) any Swap Subordinated Amounts which are due payable under item (n) below; and (ii) Swap Excluded Payments);
 - (f) *sixth*, in or towards payment *pro rata* and *pari passu* of:
 - (i) any interest due and payable on the Class A1 Notes to the Principal Paying Agent; and
 - (ii) any interest due and payable on the Class A2 Notes to the Principal Paying Agent;
 - (g) *seventh*, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Issuer Principal on such Interest Payment Date);
 - (h) *eighth*, for so long as the Class A Notes remain outstanding following such Interest Payment Date, towards crediting the General Reserve Fund up to the General Reserve Fund Required Amount;
 - (i) *ninth*, to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Issuer Principal on such Interest Payment Date);
 - (j) *tenth*, in or towards payment to the Issuer of the Issuer Profit Amount to be credited to the Issuer Profit Ledger of the GIC Account and to be retained by the Issuer as profit in respect of the business of the Issuer;

- (k) *eleventh*, on and following the Step-Up Date, if the Notes are not redeemed in full in accordance with Condition 9.3(b) (*Optional Redemption in whole*), to apply as Available Issuer Principal on such Interest Payment Date any Revenue Surplus up to the Revenue Surplus Required Amount (following which a debit will be recorded to the Revenue Surplus Ledger in the amount so applied);
- (l) *twelfth*, in or towards payment of any interest due and payable on the Class B Notes, Deferred Interest and Additional Interest relating thereto to the Principal Paying Agent;
- (m) *thirteenth*, prior to the Step-Up Date, to apply as Available Issuer Principal on such Interest Payment Date any Revenue Surplus up to the Revenue Surplus Required Amount (following which a debit will be recorded to the Revenue Surplus Ledger in the amount so applied);
- (n) *fourteenth*, in or towards payment *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the relevant Swap Agreement, to the Swap Providers, of any Swap Subordinated Amounts;
- (o) *fifteenth*, if a Mortgage Administrator Report Failure Event has occurred and is continuing all remaining Available Issuer Revenue after application of amounts (a) to (n) (inclusive) above to be credited to the Mortgage Administrator Failure Reserve Fund;
- (p) *sixteenth*, if no Mortgage Administrator Report Failure Event has occurred and is continuing, in or towards payment of interest due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (q) *seventeenth*, if no Mortgage Administrator Report Failure Event has occurred and is continuing, in or towards payment of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement; and
- (r) *eighteenth*, if no Mortgage Administrator Report Failure Event has occurred and is continuing, the excess (if any) to be applied as Deferred Consideration.

Payments of Third Party Amounts

Both before and following service of an Enforcement Notice, Third Party Amounts may be withdrawn by the Cash Manager on a daily basis from the GIC Account to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere. The Issuer will hold the Third Party Amounts on trust for the parties entitled to payment of such amounts pursuant to the Originator Trust Deed.

APPLICATION OF PRINCIPAL RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

On each Calculation Date prior to the service of an Enforcement Notice, the Cash Manager shall determine the amount of Principal Receipts, Issuer Principal Receipts and Available Issuer Principal to be applied in accordance with the Pre-Enforcement Principal Payments Priorities on the immediately succeeding Interest Payment Date.

Definition of Principal Receipts, Issuer Principal Receipts and Available Issuer Principal

"Principal Receipts" means:

- (a) any payment in respect of principal received in respect of any Mortgage Loan (including payments of arrears of principal, Capitalised Arrears, Capitalised Interest, capitalised fees and expenses and Overpayments);
- (b) any payment received in respect of any claim under an Insurance Policy in respect of a Mortgaged Property in connection with a Mortgage Loan;
- (c) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan;

- (d) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including deriving from the proceeds of sale of the relevant Property);
- (e) the principal component of any Reacquisition Amounts; and
- (f) any other payments received in respect of the Originator Trust Property which are not classified as Revenue Receipts.

"Issuer Principal Receipts" means, for each Interest Payment Date, the amount that is 99 per cent. of the Principal Receipts received during the related Calculation Period.

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

- (a) the Issuer Principal Receipts received by the Issuer during the related Calculation Period;
- (b) any amounts of Available Issuer Revenue to be applied on that Interest Payment Date, pursuant to the Pre-Enforcement Revenue Payments Priorities, in reducing the debit balance of the Principal Deficiency Ledger; and
- (c) any amounts of Available Issuer Revenue to be applied on that Interest Payment Date as Available Issuer Principal, pursuant to items (k) and (m) of the Pre-Enforcement Revenue Payments Priorities;

plus

- (d) following a Mortgage Administrator Report Failure Event and subsequent receipt of the relevant Mortgage Administrator Reports, any amount debited from the Mortgage Administrator Failure Reserve Fund, and any Available Issuer Revenue applied to pay or provide for a Reconciliation Amount; and

less

- (e) following a Mortgage Administrator Report Failure Event and subsequent receipt of the relevant Mortgage Administrator Reports, any Available Issuer Principal applied to pay or provide for a Reconciliation Amount.

Application of Available Issuer Principal prior to the service of an Enforcement Notice

Prior to the service of an Enforcement Notice, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply or provide for an amount equal to Available Issuer Principal (if any) on each Interest Payment Date in the following order of priority (the **"Pre-Enforcement Principal Payments Priorities"**) (in each case only if and to the extent that payments or provisions of higher priority have been paid in full):

- (a) *first*, to fund any Remaining Revenue Shortfall on such Interest Payment Date (such amounts to be applied as Available Issuer Revenue on such Interest Payment Date);
- (b) *second*, in redeeming the Class A1 Notes, until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (c) *third*, in redeeming the Class A2 Notes, until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (d) *fourth*, to credit the Revenue Surplus Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Issuer Revenue on such Interest Payment Date);
- (e) *fifth*, in redeeming the Class B Notes until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent; and
- (f) *sixth*, the excess (if any) to be applied as Available Issuer Revenue on such Interest Payment Date.

APPLICATION OF REVENUE RECEIPTS, PRINCIPAL RECEIPTS AND OTHER MONIES FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE

Following the service of an Enforcement Notice (which has not been revoked) on the Issuer (or the Cash Manager) will calculate all amounts other than Swap Excluded Payments and Third Party Amounts received or recovered in respect of the Charged Property, such amounts (including, for the avoidance of doubt, amounts received on enforcement or realisation of the Security) being the "**Post Enforcement Issuer Amounts**".

Post Enforcement Payments Priorities

The Post Enforcement Issuer Amounts will be applied or provided for in accordance with the following order of priority (the "**Post Enforcement Payments Priorities**" and, together with the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities, the "**Payments Priorities**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration, fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Trustee and any Appointee under the provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents, together with (if payable) VAT thereon as provided therein;
- (b) *second* in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any remuneration then due and payable to the Agent Bank, the Transfer Agent, the Registrar and the Paying Agents and any costs, charges, liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) 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 (if payable) VAT thereon as provided therein;
 - (ii) any amounts then due and payable to the GIC Provider and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the GIC Provider in the immediately succeeding Interest Period under the provisions of the GIC Account Agreement, together with (if applicable) VAT thereon as provided therein;
 - (iii) any amounts due and payable to the Mortgage Administrator and any fees, costs, charges, liabilities and expenses then due and payable to the Mortgage Administrator under the provisions of the Mortgage Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (iv) any amounts due and payable to the Back-Up Mortgage Administrator and any fees, costs, charges, liabilities and expenses then due and payable to the Back-Up Mortgage Administrator under the provisions of the Back-Up Mortgage Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (v) any amounts due and payable to the Back-Up Mortgage Administrator Facilitator and any fees, costs, charges, liabilities and expenses then due and payable to the Back-Up Mortgage Administrator Facilitator under the provisions of the Mortgage Administration Agreement, together with (if payable) VAT thereon as provided therein;
 - (vi) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due and payable to the Cash Manager under the provisions of the Cash Management Agreement, together with (if payable) VAT thereon as provided therein; and

- (vii) any amounts then due and payable to the Back-Up Cash Manager and any fees, costs, charges, liabilities and expenses then due or to become due and payable to the Back-Up Cash Manager under the provisions of the Back-Up Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
- (d) *fourth*, in or towards satisfaction *pro rata* and *pari passu* of any amounts due to any Swap Provider in respect of the relevant Swap Agreement (other than: (i) any Swap Subordinated Amounts which are due and payable under item (h) below; and (ii) Swap Excluded Payments);
- (e) *fifth*, to pay *pro rata* and *pari passu* according to the respective amounts thereof:
 - (i) interest due and payable on the Class A1 Notes and any Additional Interest relating thereto, such payment to be made to the Principal Paying Agent; and
 - (ii) interest due and payable on the Class A2 Notes and any Additional Interest relating thereto, such payment to be made to the Principal Paying Agent;
- (f) *sixth*, to redeem *pro rata* and *pari passu* according to the respective amounts thereof:
 - (i) the Class A1 Notes until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent; and
 - (ii) the Class A2 Notes until the Principal Amount Outstanding thereof has been reduced to zero, such payment to be made to the Principal Paying Agent;
- (g) *seventh*, to pay:
 - (i) *first*, interest due and payable on the Class B Notes, any Deferred Interest and any Additional Interest relating thereto; and
 - (ii) *second*, principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero, in each case, such payment to be made to the Principal Paying Agent;
- (h) *eighth*, to pay *pro rata* and *pari passu* according to the amount thereof and in accordance with the terms of the relevant Swap Agreement, any Swap Subordinated Amounts to the relevant Swap Provider;
- (i) *ninth*, in or towards payment to the Issuer of the Issuer Profit Amount;
- (j) *tenth*, to pay amounts:
 - (i) *first*, interest; and
 - (ii) *second*, principal, due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement; and
- (k) *eleventh*, to pay Deferred Consideration due and payable to the Originator.

Application of Amounts in Respect of Swap Tax Credits, Termination Payments, Swap Collateral and Replacement Swap Premium

Amounts received by the Issuer in respect of:

- (a) Swap Tax Credits;
- (b) Swap Collateral;
- (c) Replacement Swap Premium, to the extent required to make any payment due to a Swap Provider in respect of an Early Termination Date (as defined in the relevant Swap Agreement) designated under the relevant Swap Agreement; and

- (d) any payment received in respect of an Early Termination Date designated under a Swap Agreement (whether received by way of payment of cash received from the relevant Swap Provider or by applying Swap Collateral to discharge the early termination payment in respect of such Early Termination Date), to the extent that such payment is required to pay Replacement Swap Premium to a replacement swap provider,

(such amounts being together referred to as "**Swap Excluded Receipts**"), shall be applied by the Cash Manager on the Issuer's behalf in accordance with the terms of the relevant Swap Agreement or replacement swap agreement, without regard to the Payments Priorities and in accordance with the terms of the Deed of Charge.

Estimations and Reconciliations

In circumstances where the Mortgage Administrator Report or other relevant information is not provided to the Cash Manager, such that the Cash Manager cannot determine the Available Issuer Revenue and Available Issuer Principal in respect of any Calculation Period, the amount of Issuer Revenue and Issuer Principal Receipts for the purposes of such determination shall be estimated by reference to the three most recent Calculation Periods. The Cash Manager may also use the Issuer Revenue and Issuer Principal Receipts calculated in this manner for the purpose of providing such information in relation to the Mortgage Portfolio as may be required pursuant to the Swap Agreements to the relevant Swap Providers.

If a Mortgage Administrator Report is subsequently delivered in respect of any subsequent Calculation Period and for the Calculation Periods where no such information was available, then: (i) the Issuer Revenue and Issuer Principal Receipts will be calculated on the basis of the information in such Mortgage Administrator Report; and (ii) one or more reconciliation payments in respect of a Reconciliation Amount may be required to be made by the Issuer on the related and subsequent Interest Payment Dates in order to account for any overpayment(s) and/or underpayment(s) made on any Interest Payment Date during the relevant period of estimations in accordance with Condition 8.12 (*Determinations and Reconciliation*) and the Cash Management Agreement.

DESCRIPTION OF THE NOTES IN GLOBAL FORM

General

The Notes of each class or sub-class, as at the Closing Date, will 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 Global Notes will be deposited on the Closing Date with a Common Depository.

The Global Notes will be registered in the name of the nominee for the Common Depository for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Depository as the owner of each Global Note.

Upon confirmation by the Common Depository that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in such Global Notes (the "**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 Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000 (each 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 through 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. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. 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 Arranger. 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 Depository is the registered holder of each Global Note underlying the Book-Entry Interests, the nominee for the Common Depository will be considered the sole Noteholder of the Global Notes for all purposes under the Trust Deed. Except as set forth under "*Description of the Notes in Global Form – 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 each Indirect Participant must rely on the procedures of the Participants or Indirect Participants through which such a person holds its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See the section entitled "*Description of the Notes in Global Form – Action in Respect of the Global Note 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, the Participants or Indirect Participants through which such person holds its interest in such Book-Entry Interests. 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 any 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.

Each Global Note held by the Common Depositary may not be transferred except as a whole by the Common Depositary to a successor of the Common Depositary.

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 Arranger, the Joint Lead Managers, the 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.

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 Citibank, N.A., London Branch, as the Principal Paying Agent on behalf of the Issuer to the order of the Common Depositary or its nominee, as the registered holder of 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 Depositary, or to the Participants or Indirect Participants through which such person owns its interest in such Book-Entry Interests. All 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 by the Common Depositary, 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 shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date and the identity of the Noteholders shall be determined as at the close of business on the Record Date. The Issuer expects that payments by Participants and Indirect 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 and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers, the Trustee, the Paying Agents, the Agent Bank or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's, or an Indirect Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's or an Indirect Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

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 each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of

Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if either of the Issuer or the 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 any 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 nominee of the Common Depositary, and the nominee of the Common Depositary, upon final payment, will surrender such Global Note 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 a 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, in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount redeemed.

Cancellation

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

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 "*Description of Notes in the Global Form - General*", above.

Beneficial interests in the Global Notes may be held only through Euroclear or Clearstream, Luxembourg. The Global Notes will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*", below and 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 Notes will be entitled to receive definitive notes in registered form ("**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if: (a) either or both of Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days either or both of (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system satisfactory to the Trustee is available; or (b) as a result of any amendment to, or change in, the

laws or regulations of the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, 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 withholding or deduction from any payment in respect of a Global Note which would not be required if the Global Note were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee.

Any Definitive Notes issued in exchange for Book-Entry Interests in the Global Notes 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 Notes will not be entitled to exchange such Definitive Note for Book-Entry Interests in such Global Notes. Any Notes issued in definitive form will be issued in registered form only within 30 days of the occurrence of the relevant event (but not earlier than the Exchange Date) and will be subject to the provisions set forth under "*Description of Notes in Global Form - Transfers and Transfer Restrictions*" above provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment of interest or principal in respect of a Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in a denomination that is not an integral multiple of the minimum Authorised Denomination.

Action in Respect of the Global Notes and the Book-Entry Interests

Not later than 10 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 a Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing: (a) such information as is contained in the notice received by the Issuer; (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 received in response to 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.

Reports

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Notes or the Book-Entry Interests. In addition, notices regarding the Notes will be published in the Financial Times (or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such other English language newspaper(s) having a general circulation in the United Kingdom as the Trustee shall approve), or through Euroclear and/or Clearstream, or on the Relevant Screen. See also Condition 22 (*Notices*) of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed (subject to completion and amendment). If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Documents and the other Transaction Documents (each as defined below).

1. General

- 1.1 The £164,500,000 Class A1 Mortgage Backed Floating Rate Notes due 2043 (the "**Class A1 Notes**") the £122,000,000 Class A2 Mortgage Backed Floating Rate Notes due 2043 (the "**Class A2 Notes**") and together with the Class A1 Notes, the "**Class A Notes**") and the £52,600,000 Class B Mortgage Backed Floating Rate Notes due 2043 (the "**Class B Notes**" and, together with the Class A Notes, the "**Notes**") will be issued by Kenrick No.1 plc (registered number 7565238) (the "**Issuer**") on or about the Closing Date.
- 1.2 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Documents and the Agency Agreement.
- 1.3 The security for the Notes is created pursuant to, and on the terms set out in, the Deed of Charge.
- 1.4 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.5 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.6 The Noteholders are bound by the terms of the Trust Documents and are deemed to have notice of all of the provisions of the Transaction Documents.
- 1.7 Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent.

2. Definitions

- 2.1 In these Conditions the following defined terms have the meanings set out below:

"**Accrued Interest**" means as at any date (the "**determination date**") on or after the Closing Date and in relation to any Mortgage Loan, interest on such Mortgage Loan which has accrued but is not yet due and payable, from and including the first day of the calendar month immediately prior to the determination date to and including the determination date;

"**Additional Interest**" has the meaning ascribed to it in Condition 8.11 (*Interest Deferred*);

"**Agency Agreement**" means the agreement so named dated on or about the Closing Date between the Issuer, the Agent Bank, the Principal Paying Agent, the Transfer Agent, the Registrar and the Trustee;

"**Agent Bank**" means Citibank, N.A., London Branch in its capacity as agent bank pursuant to the Agency Agreement;

"**Agents**" means the Agent Bank, the Registrar, the Transfer Agent and the Paying Agents and "**Agent**" means any one of them;

"**Arrears of Interest**" means as at any date (the "**determination date**") on or after the Closing Date and in relation to any Mortgage Loan, interest (which has not been capitalised) on such Mortgage Loan which is currently due and payable and unpaid on or before that determination date;

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

- (a) the Issuer Principal Receipts received by the Issuer during the related Calculation Period;
- (b) any amounts of Available Issuer Revenue to be applied on that Interest Payment Date, pursuant to the Pre-Enforcement Revenue Payments Priorities, in reducing the debit balance of the Principal Deficiency Ledger;
- (c) any amounts of Available Issuer Revenue to be applied on that Interest Payment Date as Available Issuer Principal, pursuant to items (k) and (m) of the Pre-Enforcement Revenue Payments Priorities;

plus

- (d) following a Mortgage Administrator Report Failure Event and subsequent receipt of the relevant Mortgage Administrator Reports, any amount debited from the Mortgage Administrator Failure Reserve Fund, and any Available Issuer Revenue applied to pay or provide for a Reconciliation Amount;

less

- (e) following a Mortgage Administrator Report Failure Event and subsequent receipt of the relevant Mortgage Administrator Reports, any Available Issuer Principal applied to pay or provide for a Reconciliation Amount;

"Available Issuer Revenue" means, for each Interest Payment Date, an amount equal to the aggregate of (without double-counting):

- (a) the Issuer Revenue received by the Issuer during the related Calculation Period;
- (b) interest received by the Issuer in respect of the GIC Account and income received from or in respect of any Authorised Investments, in each case received during the related Calculation Period;
- (c) all amounts received by the Issuer under or in respect of the Swap Agreements or any replacement swap agreement (other than Swap Excluded Receipts) on such Interest Payment Date or during the related Calculation Period.
- (d) any other income of the Issuer received during the related Calculation Period;
- (e) any amounts released from the General Reserve Fund when the General Reserve Fund Required Amount is reduced to zero (on redemption in full of the Class A Notes), to the extent not required to repay interest and principal on the Subordinated Loan;
- (f) any amount of Available Issuer Principal to be applied in accordance with item (f) of the Pre-Enforcement Principal Payments Priorities once the Notes have been redeemed in full;
- (g) any amounts released from the Mortgage Administrator Failure Reserve Fund, to the extent not required to pay or provide for a Reconciliation Amount;
- (h) any amount of Available Issuer Principal to be applied on that Interest Payment Date in reducing the debit balance of the Revenue Surplus Ledger in accordance with item (d) of the Pre-Enforcement Principal Payments Priorities;

plus

- (i) if a Revenue Shortfall occurs (as a result of the aggregate of items (a) to (h) above being insufficient to pay or provide for items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities), the amount then standing to the credit of the General Reserve Ledger;

plus

- (j) if a Remaining Revenue Shortfall occurs (as a result of the aggregate of items (a) to (i) above being insufficient to pay or provide for items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities), Available Issuer Principal for such Interest Payment Date in an aggregate amount sufficient to cover such Remaining Revenue Shortfall;

plus

- (k) following a Mortgage Administrator Report Failure Event and subsequent receipt of the relevant Mortgage Administrator Reports, any amount debited from the Mortgage Administrator Failure Reserve Fund and any Available Issuer Principal applied to pay or provide for a Reconciliation Amount; and

less

- (l) following a Mortgage Administrator Report Failure Event and subsequent receipt of the relevant Mortgage Administrator Reports, any amount of Available Issuer Revenue applied to pay or provide for a Reconciliation Amount;

"Back-Up Cash Management Agreement" means the agreement dated on or about the Closing Date between the Back-Up Cash Manager, the Issuer and the Trustee which provides that the Back-Up Cash Manager will be appointed as Cash Manager upon the occurrence of a Cash Manager Event (as defined in the Cash Management Agreement);

"Back-Up Cash Manager" means Citibank, N.A., London branch, acting in its capacity as back-up cash manager under the Back-Up Cash Management Agreement;

"Back-Up Mortgage Administration Agreement" means the agreement dated on or about the Closing Date between WBBS (as Originator, Originator Beneficiary and Mortgage Administrator), the Back-Up Mortgage Administrator, the Issuer and the Trustee pursuant to which the Back-Up Mortgage Administrator will be appointed as a delegate mortgage administrator after the occurrence of a Mortgage Administrator Delegation Event (as defined in the Mortgage Administration Agreement) or any agreement entered into between the Issuer, the Trustee and any replacement Back-Up Mortgage Administrator;

"Back-Up Mortgage Administrator" means Crown Mortgage Management Limited in its capacity as back-up mortgage administrator in accordance with the terms of the Back-Up Mortgage Administration Agreement;

"Back-Up Mortgage Administrator Facilitator" means Structured Finance Management Limited in its capacity as back-up mortgage administrator facilitator in accordance with the Mortgage Administration Agreement;

"BBR Swap" means a Bank of England base rate-LIBOR swap entered into pursuant to the BBR Swap Agreement;

"BBR Swap Agreement" means the agreement in the form of a 1992 ISDA Master Agreement (including a schedule thereto, a Credit Support Annex and one or more confirmations) dated on or about the Closing Date between the Issuer and the BBR Swap Provider (as the same may be amended, restated, supplemented, replaced and/or novated from time to time);

"BBR Swap Provider" means Barclays Bank PLC in its capacity as swap provider pursuant to the BBR Swap Agreement, and any replacement thereof in such capacity;

"Beneficiaries Deed" means the beneficiaries deed so named dated on or about the Closing Date between the Originator Beneficiary and the Issuer;

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

"Breach of Duty" means in relation to any person a wilful default, fraud, negligence or breach of trust or (other than with respect to the Trustee) material breach of any agreement by such person;

"Business Day" means, a day on which commercial banks and foreign exchange markets settle payments in London;

"Calculation Date" means the day falling three Business Days prior to the related Interest Payment Date. A Calculation Date shall relate to an Interest Payment Date (and be the **"related Calculation Date"** in respect of such Interest Payment Date) where such Calculation Date immediately precedes such Interest Payment Date;

"Calculation Period" means each period from, and including, the first day in a calendar month (or in respect of the first Calculation Period, from the Closing Date) to (and includes) the last day in the calendar month immediately preceding a Calculation Date (or in respect of the first Calculation Period, the first Calculation Date). A Calculation Period shall relate to an Interest Period (and be the **"related Calculation Period"** in respect of such Interest Period) where such Calculation Period runs to (and includes) the last day in the calendar month immediately preceding the Calculation Date which relates to the Interest Payment Date in respect of such Interest Period;

"Capitalised Arrears" means, in relation to a Mortgage Loan, at any date, amounts of interest (excluding Arrears of Interest) which are overdue in respect of that Mortgage Loan and which as at that date have been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms or otherwise at the discretion of the Originator, acting in accordance with any applicable regulatory obligations;

"Capitalised Interest" means in relation to a Mortgage Loan in respect of which a Borrower has taken a Payment Holiday, the amount of interest that would have been paid on the relevant Mortgage Loan if not for such Payment Holiday and which has at that date been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms;

"Cash Management Agreement" means the cash management agreement so named entered into on or about the Closing Date between the Cash Manager, the Back-Up Cash Manager, the Issuer, the Trustee and the Originator;

"Cash Manager" means WBBS in its capacity as cash manager;

"Charged Property" means all the property of the Issuer which is subject to the Security;

"Class A Noteholders" means the persons who for the time being are holders of the Class A Notes;

"Class A Principal Deficiency Sub-Ledger" means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes;

"Class B Noteholders" means the persons who for the time being are holders of the Class B Notes;

"Class B Principal Deficiency Sub-Ledger" means the sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme, and any successor to such business;

"Closing Date" means 30 April 2012, or such other date as the Issuer and the Joint Lead Managers may agree;

"Collection Account Declaration of Trust" means the declaration of trust so named in relation to the Collection Accounts dated on or about the Closing Date and any subsequent declaration of trust so named, each being made by WBBS;

"**Conditions**" means the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in Schedule 3 (*Terms and Conditions*) of the Trust Deed, as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly;

"**Corporate Services Agreement**" means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee, Holdings, the Issuer and the Originator;

"**Corporate Services Provider**" means Structured Finance Management Limited (registered number 3853947), a private limited company incorporated under the laws of England and Wales, whose registered office is 35 Great St. Helen's, London EC3A 6AP;

"**Credit Support Annex**" means any credit support annex executed in accordance with the provisions of a Swap Agreement;

"**Current Balance**" means, in respect of a Mortgage Loan on any date (the "**determination date**"), the aggregate balance of the Mortgage Loan on such date which shall comprise the following (without double counting):

- (a) the Initial Advance;
- (b) each Further Advance;
- (c) Capitalised Arrears;
- (d) Capitalised Interest;
- (e) any capitalised high LTV fees, insurance fees, booking fees and valuation fees; and
- (f) any other amount not included in (a) to (e) above 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 is intended to be secured by the Mortgage relating to such Mortgage Loan;

less

- (g) any prepayment, repayment or payment of the foregoing made on or prior to the determination date;

"**Day Count Fraction**" means, in respect of an Interest Period, the actual number of days in such period divided by 365;

"**Deed of Charge**" means the deed so named entered into on or about the Closing Date between the Issuer and the Trustee, and any document expressed to be supplemental to the Deed of Charge;

"**Deferred Interest**" has the meaning ascribed to it in Condition 8.11 (*Interest Deferred*);

"**Definitive Notes**" has the meaning ascribed to it in Condition 3.3;

"**Early Repayment Charges**" means any charges (other than a Redemption Fee) which a Borrower is required to pay in the event that the Borrower repays all or any part of the relevant Mortgage Loan before a specified date in the Mortgage Terms;

"**Enforcement Notice**" means a notice issued by the Trustee to the Issuer declaring the Notes to be due and repayable pursuant to Condition 13 (*Events of Default*);

"**Euroclear**" means Euroclear Bank S.A./N.V. and any successor to such business;

"**Event of Default**" means any one of the events specified in Condition 13 (*Events of Default*);

"Exchange Date" means the first day following the expiry of forty days after the Closing Date;

"Extraordinary Resolution" means: (a) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast; or (b) a Written Resolution;

"Final Discharge Date" means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts have been paid or discharged in full;

"Final Maturity Date" means the Interest Payment Date falling in January 2043;

"First Interest Payment Date" means 11 October 2012;

"Fitch" means Fitch Ratings Limited;

"Fixed Rate Swap" means a fixed rate – LIBOR swap entered into pursuant to the Fixed Rate Swap Agreement;

"Fixed Rate Swap Agreement" means the agreement in the form of a 1992 ISDA Master Agreement (including a schedule thereto, a Credit Support Annex and one or more confirmations) dated on or about the Closing Date between the Issuer and the Fixed Rate Swap Provider (as the same may be amended, restated, supplemented, replaced and/or novated from time to time);

"Fixed Rate Swap Provider" means Barclays Bank PLC in its capacity as swap provider pursuant to the Fixed Rate Swap Agreement;

"Further Advance" means, in relation to a Mortgage Loan, any advance of further money following the making of the Initial Advance to a Borrower which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage;

"General Reserve Fund" means the reserve fund established on the Closing Date by the Issuer which will be initially funded by the Subordinated Loan Provider up to the General Reserve Fund Required Amount and which will subsequently be funded on each Interest Payment Date from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities;

"General Reserve Fund Required Amount" means an amount equal to £10,173,000 (being an amount equal to 3 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date) at all times prior to the date which the Class A Notes are fully repaid, and zero on any date on or after the Class A Notes are fully repaid;

"GIC Account" means the account in the name of the Issuer (account number 23736172, sort code 20-19-90) held with the GIC Provider or any replacement bank account designated as such;

"GIC Account Agreement" means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the GIC Provider and the Trustee;

"GIC Provider" means Barclays Bank PLC acting in such capacity;

"Global Note" has the meaning ascribed to it in Condition 3.2;

"holder" means the registered holder of a Note as entered in the Register in respect of that Note and the words **"holders"** and related expressions shall (where appropriate) be construed accordingly;

"Holdings" means Kenrick No.1 Holdings Limited;

"Incorporated Terms Memorandum" means the memorandum so named dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties;

"Initial Advance" means in relation to a Mortgage Loan, the original principal amount advanced to the relevant Borrower, including the amount of any retention advanced to the relevant Borrower after completion of the Mortgage and does not include any: (a) Further Advance; or (b) Early Repayment Charge;

"Insolvency Act" means the Insolvency Act 1986;

"Insolvency Event" in respect of a company or a building society means:

- (a) such company 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 on any of its debts; or
- (b) the value of the assets of such company is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- (c) the company takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or a moratorium is declared in respect of any of its indebtedness; or
- (d) 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
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company; or
 - (ii) an encumbrancer (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company; or
 - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or
 - (iv) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or
- (f) an order being made or an effective resolution being passed for the winding-up of the company except, in the case of the Issuer, a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have been previously approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or
- (g) any procedure or step is taken, or any event occurs, analogous to those set out in (a) - (f) above, in any jurisdiction,

and any reference to a "company" in this definition should be deemed to include reference to a building society;

"Insolvency Official" means, in relation to a company or building society, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have been previously approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class) provisional liquidator,

administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction;

"Interest Amount" means in respect of a Note for any Interest Period the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by:

- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Note Rate; and
- (b) then multiplying the amount so calculated in paragraph (a) by the relevant Day Count Fraction and rounding the resultant figure down to the nearest Minimum Amount;

"Interest Determination Date" means each Interest Payment Date or, in the case of the first Interest Period, the Closing Date and an Interest Determination Date shall relate to an Interest Period (and be the **"related Interest Determination Date"** in respect of such Interest Period) where the Interest Period commences on such Interest Determination Date;

"Interest Determination Ratio" means: (i) the aggregate Issuer Revenue calculated in the three preceding Mortgage Administrator Reports (or such smaller number of preceding Mortgage Administrator Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Issuer Revenue and the Issuer Principal Receipts calculated in such Mortgage Administrator Reports;

"Interest Payment Date" means the 11th day of October, January, April and July in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day;

"Interest Period" means the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date to (but excluding) the First Interest Payment Date);

"Issuer Covenants" means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Trust Deed;

"Issuer Interest" means an undivided share of 99 per cent. in the Originator Trust Property;

"Issuer Jurisdiction" means England and Wales (and the United Kingdom, for tax purposes) or such other jurisdiction in which the Issuer or any Substituted Obligor (as contemplated by Condition 21 (*Substitution of Issuer*) is incorporated and/or subject to taxation;

"Issuer Principal Receipts" means, for each Interest Payment Date, the amount that is 99 per cent. of the Principal Receipts received during the related Calculation Period;

"Issuer Profit Amount" means an amount equal to £21,000 on the Interest Payment Date falling in October 2012 and £250 on each Interest Payment Date thereafter, in each case, to be credited to the Issuer Profit Ledger of the GIC Account and to be retained by the Issuer as profit in respect of the business of the Issuer;

"Issuer Profit Ledger" means the ledger of the GIC Account so named in the books of the Issuer and maintained by the Cash Manager on behalf of the Issuer;

"Issuer Revenue" means, for each Interest Payment Date, the amount that is 99 per cent. of the Net Revenue for such Interest Payment Date;

"Joint Lead Managers" means each of Citigroup Global Markets Limited, Barclays Bank PLC and J.P. Morgan Securities Ltd.;

"Liabilities" means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including, without limitation, properly incurred legal fees and expenses and any Taxes and penalties incurred by that person;

"LTV", "LTV Ratio" or "loan-to-value ratio" means the ratio (expressed as a percentage) of the Current Balance of a Mortgage Loan to: (i) where no Further Advance has been made, the lesser of the valuation (as provided in the relevant Valuation Report) or purchase price of the Mortgaged Property; or (ii) where a Further Advance has been made, the valuation prepared for such Further Advance;

"Meeting" means a meeting of Noteholders of any class or classes (or sub-class or sub-classes) (whether originally convened or resumed following an adjournment);

"Minimum Amount" means one penny;

"Minimum Denomination" means in respect of the Notes represented by the Global Notes and (if issued) the Definitive Notes, £100,000 and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000;

"Moody's" means Moody's Investors Service Limited and includes any successor to its rating business;

"Mortgage" means in respect of any Mortgage Loan, each first fixed charge by way of legal mortgage which secures the repayment of the relevant Mortgage Loan, and, together, the **"Mortgages"** in respect of such Mortgage Loan;

"Mortgage Administration Agreement" means the agreement so named dated on or about the Closing Date between the Issuer, the Mortgage Administrator, the Originator, the Trustee and the Back-Up Mortgage Administrator Facilitator;

"Mortgage Administrator" means WBBS in its capacity as mortgage administrator pursuant to the Mortgage Administration Agreement or such other person as may from time to time be appointed as delegate mortgage administrator of the Mortgage Loans;

"Mortgage Administrator Failure Reserve Ledger" means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer;

"Mortgage Administrator Report" means a report to be provided by the Mortgage Administrator in respect of each Calculation Period in accordance with the terms of the Mortgage Administration Agreement;

"Mortgage Administrator Report Failure Event" means, in relation to an Interest Payment Date, any occasion where the Mortgage Administrator has failed to deliver a Mortgage Administrator Report in relation to any of the preceding Calculation Periods in accordance with the Mortgage Administration Agreement and such failure is continuing on the related Calculation Date;

"Mortgage Conditions" means the terms and conditions applicable to a Mortgage Loan, as contained in the Originator's "Mortgage Conditions" booklet for England and Wales applicable from time to time;

"Mortgage Loan" means a residential mortgage loan, secured by one or more Mortgages and other Related Security, and any Further Advances made relating to the same Mortgaged Property (whether or not secured by the same Mortgage and Related Security) which is designated by the Originator on the Closing Date to be included in the Originator Trust Property in which the Issuer will acquire the Issuer Interest on the Closing Date;

"Mortgage Portfolio" means the portfolio of Mortgage Loans, Mortgages and other Related Security and all rights, interest, benefit, income and payments in relation thereto comprised in the Originator Trust declared by the Originator on the Closing Date but excluding (for the avoidance of doubt) each Mortgage Loan and its Related Security which is reacquired by the Originator

pursuant to the Originator Trust Deed and in which the Issuer no longer has any beneficial interest;

"Mortgage Terms" means all of the terms and conditions applicable to a Mortgage Loan, including without limitation the applicable Mortgage Conditions and Offer Conditions;

"Mortgaged Property" means a freehold or leasehold property which is subject to a Mortgage and together, the **"Mortgaged Properties"**;

"Most Senior Class" means:

- (a) the Class A1 Notes whilst they remain outstanding;
- (b) when no Class A1 Notes remain outstanding, the Class A2 Notes whilst they remain outstanding; and
- (c) thereafter the Class B Notes;

"Net Revenue" means, for each Interest Payment Date, the aggregate Revenue Receipts collected during the related Calculation Period *less* amounts collected during the related Calculation Period which properly belong to third parties including (but not limited to):

- (a) payments of certain insurance premia where such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- (b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account; and
- (c) 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 or the Originator,

(such amounts, including items (a), (b) and (c) above being collectively referred to herein as **"Third Party Amounts"**);

"Note Principal Payment" means, on any Interest Payment Date:

- (a) in the case of each Class A1 Note, an amount equal to the lesser of the amount of Available Issuer Principal available to be applied in or towards redeeming the Class A1 Notes in accordance with the Pre-Enforcement Principal Payments Priorities and the Principal Amount Outstanding of the Class A1 Notes, each determined as at the related Calculation Date, divided by the number of outstanding Class A1 Notes;
- (b) in the case of each Class A2 Note, an amount equal to the lesser of the Available Issuer Principal available to be applied in or towards redeeming the Class A2 Notes in accordance with the Pre-Enforcement Principal Payments Priorities and the Principal Amount Outstanding of the Class A2 Notes, each determined as at the related Calculation Date, divided by the number of outstanding Class A2 Notes; and
- (c) in the case of each Class B Note, an amount equal to the lesser of the Available Issuer Principal available to be applied in or towards redeeming the Class B Notes in accordance with the Pre-Enforcement Principal Payments Priorities and the Principal Amount Outstanding of the Class B Notes, each determined as at the related Calculation Date, divided by the number of outstanding Class B Notes,

in each case rounded down, if necessary, to the nearest Minimum Denomination;

"Note Rate" for each Interest Period means in respect of each class or sub-class of Notes, the Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of such class or sub-class;

"Noteholders" means the Class A Noteholders and the Class B Noteholders or, where the context otherwise requires, the holders of Notes of a particular class or classes, sub-class or sub-classes (including the Class A1 Notes and the Class A2 Notes);

"Notes" means the Class A Notes and the Class B Notes and "Note" means any of them;

"Notices Condition" means Condition 22 (*Notices*);

"Notices Details" means the provisions set out in Schedule 3 (*Notices Details*) of the Incorporated Terms Memorandum;

"Offer Conditions" means the terms and conditions applicable to a specified Mortgage Loan as set out in the relevant offer letter to the Borrower;

"Originator" means WBBS acting in its capacity as original lender of the Mortgage Loans and their Related Security;

"Originator Interest" means an undivided share of 1 per cent. in the Originator Trust Property;

"Originator Power of Attorney" means the power of attorney granted by the Originator in favour of the Issuer and the Trustee and any delegate thereof contained in the Originator Trust Deed;

"Originator Trust" means the trust created pursuant to the Originator Trust Deed;

"Originator Trust Deed" means the originator trust deed so named dated on or about the Closing Date between the Originator, the Originator Trustee, the Originator Beneficiary, the Issuer and the Trustee;

"Originator Trust Property" means the property which is the subject of the Originator Trust;

"Originator Trustee" means WBBS acting in its capacity as trustee of the Originator Trust;

"outstanding" means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (c) those which have been purchased and cancelled, (including Notes surrendered for cancellation), as provided in Condition 9.12 (*Cancellation of purchased or redeemed Notes*) and notice of the cancellation of which has been given to Trustee;
- (d) those which have become void under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed, in each case in respect of which replacement Notes have been issued pursuant to the Conditions; and
- (f) any Global Note, to the extent that it shall have been exchanged for Definitive Notes pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 15 (*Waiver*), Clause 16 (*Modifications*), Clause 20 (*Proceedings and Actions by the Trustee*), Clause 29 (*Appointment of Trustees*) and Clause 30 (*Notice of New Trustee*) of the Trust Deed and

Condition 13 (*Events of Default*), Condition 14 (*Enforcement*) and Condition 16 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and

- (iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Originator, the Issuer, any holding company of the Originator or the Issuer or any other subsidiary of such holding company or of the Originator (the "**Relevant Persons**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except where all of the Notes of any class (or sub-class) are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class (or sub-class) of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding except that, if there is any other class (or sub-class) of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class (or sub-class), then the Relevant Class of Notes shall be deemed not to remain outstanding;

"**Overpayment**" means, in relation to a payment by a Borrower in an amount greater than the scheduled monthly payment then due on the relevant Mortgage Loan, or a one-off payment by a Borrower of amounts in respect of principal not then due and payable in respect of such Mortgage Loan, the amount by which such payment exceeds the scheduled monthly payments then due in respect of such Mortgage Loan;

"**Paying Agents**" means the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement;

"**Payment Holiday**" means the period of time that a Borrower under a Mortgage Loan refrains from making payments of interest and principal on his Mortgage Loan as expressly permitted by the terms of the Borrower's Mortgage Loan or agreed by the Mortgage Administrator;

"**Payments Priorities**" means the Pre-Enforcement Payments Priorities and the Post Enforcement Payments Priorities;

"**Post Enforcement Issuer Amounts**" means all amounts other than Swap Excluded Receipts and Third Party Amounts received or recovered in respect of the Charged Property, such amounts (including, for the avoidance of doubt, amounts received on enforcement or realisation of the Security);

"**Post Enforcement Payments Priorities**" means the provisions relating to the order of priority of payments from the GIC Account, set out in Clause 15.1 (*Post Enforcement Payments Priorities*) of the Deed of Charge;

"**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;

"**Pre-Enforcement Principal Payments Priorities**" means the provisions relating to the order of priority of payments from the Principal Ledger set out in Part B of Schedule 4 (*Payments Priorities*) of the Cash Management Agreement;

"**Pre-Enforcement Revenue Payments Priorities**" means the provisions relating to the order of priority of payments from the Revenue Ledger set out in Part A of Schedule 4 (*Payments Priorities*) of the Cash Management Agreement;

"**Pre-Enforcement Payments Priorities**" means the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities;

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate of any principal payments in respect of that Note which have been paid on or prior to that day; and
- (b) in relation to a class (or sub-class), the aggregate of the amount in (a) in respect of all Notes outstanding in such class (or sub-class); and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class (or sub-class);

"Principal Deficiency Ledger" means the principal deficiency ledger comprising the Class A Principal Deficiency Sub-Ledger and the Class B Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from (i) Issuer Principal Losses allocated to the Notes, and (ii) any Available Issuer Principal used to pay a Remaining Revenue Shortfall;

"Principal Ledger" means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer;

"Principal Losses" means any losses arising in relation to a Mortgage Loan (including any set-off losses);

"Principal Paying Agent" means Citibank, N.A. London Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement;

"Principal Receipts" means:

- (a) any payment in respect of principal received in respect of any Mortgage Loan (including payments of arrears of principal, Capitalised Arrears, Capitalised Interest, capitalised fees and expenses and Overpayments);
- (b) any payment received pursuant to any insurance policy claim (including the Buildings Policies) in respect of a Mortgaged Property in connection with a Mortgage Loan;
- (c) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan;
- (d) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including the deriving from proceeds of sale of the relevant Property);
- (e) the principal component of any Reacquisition Amounts; and
- (f) any other payments received in respect of a the Originator Trust Property which are not classified as Revenue Receipts.

"Provisions for Meetings of Noteholders" means the provisions contained in Schedule 4 (*Provisions for Meeting of Noteholders*) of the Trust Deed;

"Prudent Mortgage Lender" means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales who generally satisfy the lending criteria of traditional sources of residential mortgage capital;

"Rating Agencies" means Fitch and Moody's and **"Rating Agency"** means either one of them;

"Reacquisition Amount" means, in relation to a reacquisition of a Mortgage Loan, an amount equal to the Current Balance in relation to such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such reacquisition plus reasonable fees and expenses payable thereon to the date of reacquisition;

"Receiver" means any receiver, manager, receiver or manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with Clause 17 (*Appointment of Receiver*) of the Deed of Charge;

"Reconciliation Amount" means in respect of a Determination Period: (i) the actual Issuer Principal Receipts as determined in accordance with the available Mortgage Administrator Reports; less (ii) the Issuer Principal Receipts in respect of such Determination Period, determined in accordance with Condition 8.12(b)(iii) (*Determinations and Reconciliation*);

"Record Date" shall have the meaning in Condition 11.3 (*Record Date*);

"Redemption Fee" means the standard redemption fee charged to the Borrower by the Originator where the Borrower makes a repayment of the full outstanding principal of a Mortgage Loan;

"Reference Banks" means the principal London office of four major banks in the London interbank market, in each case, selected by the Agent Bank at the relevant time;

"Reference Rate" means, on any Interest Determination Date, the floating rate determined by the Agent Bank by reference to the Screen Rate on such date or if, on such date, the Screen Rate is unavailable:

- (a) the Rounded Arithmetic Mean of the offered quotations as at or about 11:00 a.m. (London time) on that date of the Reference Banks to major banks for Sterling deposits for the Relevant Period in the London interbank market in the Representative Amount determined by the Agent Bank after request of each of the Reference Banks;
- (b) if, on such date, two or three only of the Reference Banks provide such quotations, the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Reserve Reference Rate;

"Register" means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar;

"Registrar" means the party responsible for the registration of the Notes, which at the Closing Date is Citibank, N.A. London Branch acting in such capacity pursuant to the Agency Agreement;

"Related Security" means, in relation to a Mortgage Loan, the security granted for the repayment of that Mortgage Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto;

"Relevant Margin" means in respect of an Interest Period:

- (a) for the Class A1 Notes, 1.80 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 3.60 per cent. per annum;
- (b) for the Class A2 Notes, 2.15 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 4.30 per cent. per annum; and
- (c) for the Class B Notes, 0.20 per cent. per annum for each Interest Period;

"Relevant Period" means, in relation to an Interest Determination Date, the length in months of the related Interest Period;

"Relevant Screen" means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Trustee and as has been notified to the Noteholders in accordance with the Notices Condition;

"Remaining Revenue Shortfall" means for each Calculation Date, the extent, if any, by which Available Issuer Revenue (excluding for these purposes the amount referred to in paragraph (j) in the definition thereof) is insufficient to pay items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities;

"Replacement Swap Premium" means any amount to be paid by the Issuer to a replacement swap provider, or received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace the BBR Swap or the Fixed Rate Swap, as the case may be;

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any class, to change the amount of principal or interest due on any date in respect of the Notes of any class or to alter the method of calculating the amount of any payment in respect of the Notes of any class;
- (b) (except in accordance with Condition 21 (*Substitution of Issuer*) and Clause 20 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed and/or for cash;
- (c) to change the currency in which amounts due in respect of the Notes of any class are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes of any Class;
- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition;

"Reserve Reference Rate" means on any Interest Determination Date, if the Agent Bank certifies that it cannot determine the Reference Rate in accordance with paragraphs (a) and (b) of that definition, the Reference Rate in effect for the Interest Period ending on the Business Day immediately preceding the relevant Interest Determination Date;

"Revenue Ledger" means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer;

"Revenue Receipts" means payments received by the Originator Trustee representing:

- (a) payments of interest on the Mortgage Loans (including amounts derived from Arrears of Interest and Accrued Interest but excluding Capitalised Arrears and Capitalised Interest, if any) and Third Party Amounts due from time to time under the Mortgage Loans;
- (b) recoveries of interest (excluding Capitalised Arrears and Capitalised Interest, if any) from defaulting Borrowers under Mortgage Loans being enforced;
- (c) recoveries of interest (excluding Capitalised Arrears and Capitalised Interest, if any) from defaulting Borrowers under Mortgage Loans in respect of which enforcement procedures have been completed;

- (d) such proportion of each Reacquisition Amount as is attributable to Accrued Interest, Arrears of Interest and other interest amounts in respect of the Mortgage Loans (excluding, for the avoidance of doubt, Capitalised Arrears and Capitalised Interest, if any); and
- (e) any Early Repayment Charges which have been paid by Borrowers in respect of the Mortgage Loans;

"Revenue Shortfall" means for each Calculation Date, the extent, if any, by which Available Issuer Revenue (excluding for these purposes any amounts referred to paragraphs (i) and (j) in the definition thereof) is insufficient to pay items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities;

"Revenue Surplus" means for each Calculation Date, the amount, if any, by which Available Issuer Revenue exceeds the aggregate amounts payable by the Issuer on the related Interest Payment Date:

- (a) if such Interest Payment Date is on or following the Step-Up Date, under items (a) to (j) (inclusive) of the Pre-Enforcement Revenue Payments Priorities; or
- (b) prior to the Step-Up Date, under items (a) to (l) (inclusive) of the Pre-Enforcement Revenue Payments Priorities;

"Revenue Surplus Ledger" means the ledger maintained by the Cash Manager on behalf of the Issuer which records on it as a debit all Revenue Surplus equal to the Revenue Surplus Required Amount;

"Revenue Surplus Required Amount" means:

- (a) for so long as the Class A Notes are outstanding on such date, the lower of (i) the Principal Amount Outstanding of the Class A Notes (taking into account any repayment of such Class A Notes on such date) and (ii) the Revenue Surplus; or
- (b) if no Class A Notes are outstanding on such date, zero;

"Rounded Arithmetic Mean" means the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent.);

"Screen" means, Reuters Screen LIBOR01; or

- (a) such other page as may replace Reuters Screen LIBOR01 on the Reuters service for the purpose of displaying the information displayed on Reuters Screen LIBOR01 on the Closing Date; or
- (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace the Reuters service;

"Screen Rate" means, in relation to an Interest Determination Date, the offered quotations for Sterling deposits for the Relevant Period which appears on the Screen as at or about 11:00 a.m. (London time) on that date;

"Secured Amounts" means any and all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under or in respect of the Notes or the Transaction Documents;

"Secured Creditors" means the Trustee (in its own capacity and as trustee on behalf of the following creditors of the Issuer), the Corporate Services Provider, the GIC Provider, the Mortgage Administrator, the Back-Up Mortgage Administrator, the Cash Manager, the Back-Up Cash Manager, the Back-Up Mortgage Administrator Facilitator, the Originator, the Noteholders, any Receiver, the Agent Bank, the Paying Agents, the Transfer Agent, the Registrar, the BBR Swap Provider, the Fixed Rate Swap Provider and the Subordinated Loan Provider;

"Security" means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge in favour of the Secured Creditors;

"Share Trust Deed" means the declaration of trust dated 4 July 2011 pursuant to which the Share Trustee holds the beneficial interest in the entire issued share capital of Holdings on discretionary trust;

"Share Trustee" means SFM Corporate Services Limited (registered number 3920255), a company incorporated under the laws of England and Wales, whose principal office is at 35 Great St. Helen's, London EC3A 6AP;

"Specified Office" means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with Clause 13.8 (*Changes in Specified Offices*) of the Agency Agreement;

"SPV Criteria" means the criteria established from time to time by the Rating Agencies for a single purpose company in the relevant Issuer Jurisdiction;

"Step-Up Date" means the Interest Payment Date falling in April 2017;

"Sterling" and **"£"** denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

"Stock Exchange" means the London Stock Exchange PLC;

"Subordinated Loan" means the subordinated loan which the Subordinated Loan Provider will make available to the Issuer on the Closing Date pursuant to the Subordinated Loan Agreement;

"Subordinated Loan Agreement" means the subordinated loan agreement so named dated on or about the Closing Date between the Issuer, the Subordinated Loan Provider and the Trustee;

"Subordinated Loan Provider" means WBBS in its capacity as subordinated loan provider pursuant to the Subordinated Loan Agreement;

"Substituted Obligor" means a single purpose company that meets the SPV Criteria;

"Swap Agreements" means the BBR Swap Agreement and Fixed Rate Swap Agreement and "Swap Agreement" means any of them;

"Swap Collateral" means any cash or securities transferred by a Swap Provider to the Issuer on any date pursuant to the terms of the relevant Credit Support Annex to the relevant Swap Agreement that has not been returned to the relevant Swap Provider pursuant to the terms of the relevant Swap Agreement;

"Swap Excluded Receipts" means:

- (a) Swap Tax Credits;
- (b) Swap Collateral;
- (c) Replacement Swap Premium, to the extent required to make any payment due to a Swap Provider in respect of an Early Termination Date (as defined in the relevant Swap Agreement) designated under the relevant Swap Agreement; and
- (d) any payment received in respect of an Early Termination Date designated under a Swap Agreement (whether received by way of payment of cash received from the relevant Swap Provider or by applying Swap Collateral to discharge the early termination payment in respect of such Early Termination Date), to the extent that such payment is required to pay Replacement Swap Premium to a replacement swap provider;

"**Swap Providers**" means the BBR Swap Provider and the Fixed Rate Swap Provider and any replacement thereof and "**Swap Provider**" means any of them;

"**Swap Tax Credits**" means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by any Swap Provider to the Issuer or a reduced payment from the Issuer to the Swap Provider;

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any Tax Authority in the Issuer Jurisdiction or a jurisdiction in which a Swap Provider is resident for tax purposes and "**Taxes**", "**taxation**", "**taxable**" and comparable expressions shall be construed accordingly;

"**Tax Authority**" means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, Her Majesty's Revenue and Customs);

"**Tax Deduction**" means any deduction or withholding for or on account of Tax;

"**Transaction Documents**" means the Agency Agreement, GIC Account Agreement, BBR Swap Agreement, Beneficiaries Deed, Cash Management Agreement, Back-Up Cash Management Agreement, Corporate Services Agreement, Collection Account Declaration of Trust, Deed of Charge, Fixed Rate Swap Agreement, Incorporated Terms Memorandum, Originator Trust Deed, Originator Power of Attorney, Mortgage Administration Agreement, Back-Up Mortgage Administration Agreement, Share Trust Deed, Subordinated Loan Agreement, Trust Deed (including the Conditions), and any other related document or documents which are referred to in the terms of any of the above documents or which relate to the issue of the Notes or are designated as a "**Transaction Document**";

"**Transaction Party**" means any person who is a party to a Transaction Document and "**Transaction Parties**" means some or all of them;

"**Transfer Agent**" means Citibank, N.A., London Branch acting as transfer agent pursuant to the Agency Agreement;

"**Trust Deed**" means the deed so named (including the Conditions and the form of the Notes) dated on or about the Closing Date between the Issuer and the Trustee constituting the Notes and any document expressed to be supplemental to the Trust Deed;

"**Trust Documents**" means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Trust Deed, or the Deed of Charge (as applicable);

"**Trustee**" means Citicorp Trustee Company Limited in its capacity as trustee under the Trust Documents or any successor thereto;

"Valuation Report" means the valuation report or reports for mortgage purposes, obtained by the Originator from a valuer in respect of each Mortgaged Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Originator;

"WBBS" means West Bromwich Building Society, a building society incorporated under the Building Societies Act 1986 whose principal office is at 374 High Street, West Bromwich, West Midlands B70 8LR; and

"Written Resolution" means a resolution in writing signed by or on behalf of holders of 100% of the Principal Amount Outstanding of the Notes of the relevant Class (or sub-class), whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

2.2 **Interpretation:** Any reference in the Conditions to:

"continuing", in respect of an Event of Default, shall be construed as a reference to an Event of Default which has not been waived or remedied in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document;

a **"class"** or **"Class"** shall be a reference to a class of the Notes being each or any of the Class A Notes or the Class B Notes and **"classes"** shall be construed accordingly and **"sub-class"** shall be a reference to the Class A1 Notes and the Class A2 Notes (as the case may be) which are each a sub-class of the Class A Notes;

"including" shall be construed as **"including without limitation"**, so that any list of items or matters appearing after the word **"including"** shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word **"including"**;

"indebtedness" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a **"law"** shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

"principal" shall, where applicable, include premium;

"redeem" and **"pay"** shall each include both of the others and **"redeemed"**, **"redeemable"** and **"redemption"** and **"paid"**, **"payable"** and **"payment"** shall be construed accordingly;

a reference to any person defined as a **"Transaction Party"** in the Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests; and

a **"successor"** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.3 **Transaction Documents and other agreements:** Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

- 2.4 **Statutes and Treaties:** Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.
- 2.5 **Schedules:** Any Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.
- 2.6 **Headings:** Condition headings are for ease of reference only.
- 2.7 **Sections:** Except as otherwise specified in a Condition, reference in the Conditions to:
- (a) a "**Section**" of a Transaction Document shall be construed as a reference to a Section of such Transaction Document;
 - (b) a "**Part**" of a Transaction Document shall be construed as a reference to a Part of such Transaction Document;
 - (c) a "**Schedule**" of a Transaction Document shall be construed as a reference to a Schedule of such Transaction Document;
 - (d) a "**Clause**" of a Transaction Document shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and
 - (e) a "**Paragraph**" of a Transaction Document shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 **Number**

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

3. **Form and Denomination**

- 3.1 The Notes are in fully registered form and serially numbered in the Minimum Denomination for the Notes. Notes in registered form are issued without coupons attached. The expression "**Notes**" means and includes co-ownership under a permanent global note and the expression "**Noteholder**" shall mean and include any person entitled to co-ownership and benefit under a permanent global note.
- 3.2 The Principal Amount Outstanding of the Notes of each Class (or sub-class) initially offered and sold outside the United States to non U.S. Persons pursuant to Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") is represented by one or more global notes in fully registered form (each a "**Global Note**") without coupons attached.
- 3.3 Definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of each Global Note (the "**Definitive Notes**") will be issued in registered form and serially numbered in the circumstances referred to Condition 3.4 below.
- 3.4 If, while any Notes are represented by a Global Note:
- (a) in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does so cease business and no alternative clearing system satisfactory to the Trustee is available; or
 - (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, 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 withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee,

the Issuer will issue Definitive Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. Definitive Notes, if issued, will be issued in the applicable Minimum Denomination for the Notes. The Global Note will not be exchangeable for Definitive Notes in any other circumstances.

4. Title and transfer

- 4.1 The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) 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 Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons will be treated as the absolute owner of such Note.
- 4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes.
- 4.3 No transfer of a Note will be valid unless and until entered on the Register.
- 4.4 Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Notes and any entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes, the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Note who so requests and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- 4.5 A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, new Definitive Notes in respect of both the balance transferred and the balance remaining will be issued to each of the transferee and the transferor by or by order of the Registrar (subject to the relevant new Definitive Notes each being issued in an amount equal to the applicable Minimum Denomination for the Notes in accordance with Condition 3.4 above).
- 4.6 Each new Definitive Note to be issued upon a transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note to such address as may be specified in such request.
- 4.7 Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any Tax or other governmental charges which may be imposed in relation to it.

4.8 No holder of a Definitive Note may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.

5. **Status and Ranking**

5.1 **Status:** The Notes of each class constitute direct, secured, limited recourse and unconditional obligations of the Issuer.

5.2 **Ranking:** The Class A1 Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class A2 Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class B Notes will at all times rank without preference or priority *pari passu* amongst themselves.

5.3 **Sole Obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

5.4 **Priority of Interest Payments:** Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, in accordance with the Pre-Enforcement Revenue Payments Priorities and the Post Enforcement Payments Priorities. Payments of interest on the Class A1 Notes and Class A2 Notes will rank *pari passu* and *pro rata*;

5.5 **Priority of Principal Payments:** Prior to delivery of an Enforcement Notice payments of principal on the Class A1 Notes will rank in priority to payments of principal on the Class A2 Notes and the Class B Notes, and payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes, in each case, in accordance with the Pre-Enforcement Principal Payments Priorities.

Following delivery of an Enforcement Notice, payments of principal on the Class A1 Notes and Class A2 Notes will rank *pari passu* and *pro rata* amongst themselves and in priority to payments of principal on the Class B Notes, in accordance with the Post Enforcement Payments Priorities.

5.6 **Payments Priorities:** Prior to the delivery of an Enforcement Notice, on each Interest Payment Date, the Issuer is required to apply an amount equal to the Available Issuer Revenue and an amount equal to the Available Issuer Principal in accordance with the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities, respectively. Following service of an Enforcement Notice, the Issuer is required to apply the Post Enforcement Issuer Amounts in accordance with the Post Enforcement Payments Priorities.

6. **Security**

6.1 **Security:** The Notes are secured by the Security.

6.2 **Enforceability:** The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*).

7. **Issuer Covenants**

The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee. So long as any Note remains outstanding, the Issuer will comply with the Issuer Covenants.

8. **Interest**

8.1 **Accrual of Interest:** Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date.

8.2 **Cessation of Interest:** Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon

due presentation, payment of any amount of principal required to redeem the Note on such date is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (b) the seventh day after notice has been given to the relevant Noteholder in accordance with Condition 22 (*Notices*) that the full amount (together with interest accrued to that date) has been received by the relevant Paying Agent or the Trustee, except to the extent that there is a default in the subsequent payment thereof to the Noteholders (as the case may be) under the Conditions.

8.3 ***Interest Payments:*** Interest on each Note is payable in Sterling in arrear on the First Interest Payment Date and, thereafter, quarterly in arrear on each Interest Payment Date in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

8.4 ***Calculation of Interest Amount:*** Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Note for the related Interest Period in accordance with Condition 8.5 (*Determination of Note Rate, Interest Amount and Interest Payment Date*).

8.5 ***Determination of Note Rate, Interest Amount and Interest Payment Date:*** The Agent Bank will, on each Interest Determination Date, determine:

- (a) the Note Rate for each of the relevant classes and sub-classes of Notes for the related Interest Period;
- (b) the Interest Amount for each of the relevant classes and sub-classes of Notes for the related Interest Period; and
- (c) the Interest Payment Date next following the related Interest Period;

and notify the Issuer, the Mortgage Administrator, the Cash Manager, the Trustee, the Registrar, each Swap Provider and the Paying Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange.

8.6 ***Publication of Note Rate, Interest Amount and Interest Payment Date:*** As soon as practicable after receiving notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Condition 8.5 (*Determination of Note Rate, Interest Amount and Interest Payment Date*) and in any event no later than the second Business Day thereafter, the Issuer will cause the Note Rate and the Interest Amount for each class (or sub-class) and the next following Interest Payment Date to be published in accordance with Condition 22 (*Notices*).

8.7 ***Amendments to Publications:*** The Note Rate, Interest Amount for each class (or sub-class) and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

8.8 ***Determination or Calculation by Trustee:*** If the Agent Bank does not at any time for any reason determine the Note Rate or the Interest Amount for a relevant class (or sub-class) of Notes in accordance with this Condition 8 (*Interest*), the Trustee may (but without, in the absence of fraud, any liability accruing to the Trustee as a result):

- (a) determine the Note Rate for such class (or sub-class) of Notes at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or

- (b) calculate the Interest Amount for such class (or sub-class) in the manner specified in this Condition,

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank. In each case the Trustee may, at the expense of the Issuer, employ an expert to make the determination or calculation and any such determination or calculation shall be deemed to have been made by the Agent Bank.

8.9 ***Notifications to be final:*** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Interest*), whether by the Reference Banks (or any of them), the Paying Agents, the Registrar, the Agent Bank, or the Trustee shall (in the absence of any Breach of Duty, or manifest error) be binding on the Issuer and all Noteholders and (in the absence of any Breach of Duty or manifest error and, in the case of the Trustee, in the absence of fraud) no liability to the Noteholders shall attach to the Reference Banks, the Agents, the Registrar or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 8 (*Interest*).

8.10 ***Reference Banks and Agents:*** The Issuer shall ensure that, so long as any of the Notes remain outstanding there shall at all times be a Registrar, an Agent Bank, a Transfer Agent, a Paying Agent and a Principal Paying Agent. In the event of an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other person as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor agent bank is appointed in accordance with the Agency Agreement. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with the Notices Condition.

8.11 ***Interest Deferred:***

- (a) To the extent that funds available to the Issuer to pay Interest Amounts due and payable on the Class B Notes on an Interest Payment Date are insufficient to pay the full amount of such Interest Amounts, payment of the shortfall in respect of such Interest Amounts ("**Deferred Interest**") will not then fall due but will instead be deferred until the First Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of some or all of the Deferred Interest, and will fall due on such Interest Payment Date to the extent of such available funds.

- (b) Deferred Interest or any other amounts which are due and payable in respect of the Notes and not paid on the relevant Interest Payment Date will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to such Notes. Payment of Additional Interest will also be deferred until the first Interest Payment Date after such Additional Interest is accrued on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay some or all of such Additional Interest, to the extent of such available funds.

- (c) Payment of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the Class B Notes fall to be redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*). Any amounts of Deferred Interest or Additional Interest which have not then been paid shall thereupon become due and payable in full.

8.12 ***Determinations and Reconciliation***

- (a) In the event that the Cash Manager does not receive a Mortgage Administrator Report with respect to a Calculation Period (the "**Determination Period**"), then the Cash Manager shall use the Mortgage Administrator Report in respect of the three most recent Calculation Periods (or, where there are not at least three previous Mortgage Administrator Reports, all previous Mortgage Administrator Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this

Condition 8.12 (*Determinations and Reconciliation*). If the Cash Manager subsequently receives the Mortgage Administrator Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 8.12(c). Any: (i) calculations properly done on the basis of such previous Mortgage Administrator Reports; (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; (iii) reconciliation calculations; and (iv) reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 8.12(b), 8.12(c) and/or 8.12(d), shall be deemed to be done in accordance with the provisions of the Transaction Documents and will not in themselves lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.

- (b) In respect of any Determination Period the Cash Manager shall:
- (i) determine the Interest Determination Ratio by reference to the three most recently received Mortgage Administrator Reports (or, where there are not at least three previous Mortgage Administrator Reports, all previous Mortgage Administrator Reports received in the preceding Calculation Periods);
 - (ii) calculate the Issuer Revenue for such Determination Period as the product of: (i) the Interest Determination Ratio; and (ii) all payments received by the Issuer in respect of the Issuer Interest during such Determination Period; and
 - (iii) calculate the Issuer Principal Receipts for such Determination Period as the product of: (i) 1 minus the Interest Determination Ratio; and (ii) all payments received by the Issuer in respect of the Issuer Interest during such Determination Period.
- (c) Following any Determination Period, upon receipt by the Cash Manager of the Mortgage Administrator Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 8.12(b) above to the actual collections set out in the Mortgage Administrator Reports as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund and Available Issuer Revenue as Available Issuer Principal in the following order of priority:
 - (A) *first*, amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund; and
 - (B) *second*, Available Issuer Revenue;
 - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund and Available Issuer Principal as Available Issuer Revenue in the following order of priority:
 - (A) *first*, amounts standing to the credit of the Mortgage Administrator Failure Reserve Fund; and
 - (B) *second*, Available Issuer Principal.
- (d) if amounts standing to credit of the Mortgage Administrator Failure Reserve Fund, Available Issuer Revenue or Available Issuer Principal, as the case may be, are insufficient to pay or provide for the applicable Reconciliation Amount in full on the relevant Interest Payment Date the Cash Manager shall reallocate Available Issuer Revenue or Available Issuer Principal (as applicable) in accordance with Condition 8.12(c)(i) or 8.12(c)(ii) respectively in respect of each subsequent Calculation

Period (to be applied accordingly on the immediately following Interest Payment Date) until such Reconciliation Amount is paid or provided for in full; and

- (e) if the Cash Manager is required to provide for a Reconciliation Amount in determining Available Issuer Revenue and Available Issuer Principal in respect of any Interest Payment Date, the Cash Manager shall pay or provide for such Reconciliation Amount in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

9. **Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation**

9.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*), the Issuer shall redeem the Notes of each class at their Principal Amount Outstanding on the Final Maturity Date together with any accrued (and unpaid) interest up to (and including) the Final Maturity Date.

9.2 **Mandatory Redemption in part:** On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply an amount equal to the Available Issuer Principal which is available for such purposes in accordance with the Pre-Enforcement Principal Payments Priorities in and towards redemption of the Notes.

9.3 **Optional Redemption in whole:** The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding on any Interest Payment Date together with any accrued (and unpaid) interest up to (and including) such Interest Payment Date:

- (a) when, on the related Calculation Date, the aggregate of the Principal Amount Outstanding of the outstanding Notes is equal to or less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date; or
- (b) from and including the Step-Up Date,

subject to the following:

- (a) no Enforcement Notice has been delivered by the Trustee;
- (b) the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes; and
- (c) prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payments Priorities.

9.4 **Optional Redemption in whole for taxation reasons:** The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, on any Interest Payment Date together with any accrued (and unpaid) interest up to (and including) such Interest Payment Date, after the date on which, by virtue of a change in Tax law (or the application or official interpretation of Tax law):

- (a) the Issuer is to make any payment in respect of the Notes or a Swap Provider is to make any payments in respect of the relevant Swap Agreement and either the Issuer or the Swap Provider, as the case may be, would be required to make a Tax Deduction in respect of such payment; or
- (b) the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period;

subject to the following:

- (i) no Enforcement Notice has been delivered by the Trustee prior to such Interest Payment Date;
- (ii) the Issuer has given not more than 60 nor less than 30 days' notice to the Trustee and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes; and
- (iii) prior to giving any such notice, the Issuer (or in respect to Condition 9.4(a), the relevant Swap Provider (if applicable)) has provided to the Trustee:
 - (A) a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers (approved in writing by the Trustee) in the applicable jurisdiction, opining on the relevant change in Tax law (or the application of the official interpretation of Tax law) and confirming that the circumstance set out in either paragraph (a) or (b) above is applicable; and
 - (B) if relevant, a certificate signed by the Issuer or, as the case may be, the relevant Swap Provider, to the effect that the obligation to make a Tax Deduction cannot be avoided; and
 - (C) a certificate signed by the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payments Priorities.

9.5 ***Calculation of Note Principal Payment, Principal Amount Outstanding and Pool Factor:*** On each Calculation Date, the Issuer shall calculate (or cause the Cash Manager to calculate):

- (a) the aggregate of any Note Principal Payment due in relation to each class and sub-class on the Interest Payment Date immediately succeeding such Calculation Date;
- (b) the Principal Amount Outstanding of each Note of each class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such class); and
- (c) the fraction expressed as a decimal to the sixth point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that class and sub-class (as referred to in Condition 9.5(b) above) and the denominator is the Principal Amount Outstanding of such class of Notes as at the Closing Date,

and notify the Trustee, the Paying Agents, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange thereof in accordance with Condition 9.9 (*Notice of Calculation*).

9.6 ***Calculations final and binding:*** Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note of each class and sub-class and the Pool Factor shall in each case (in the absence of any Breach of Duty, or manifest error) be final and binding on all persons.

9.7 ***Trustee may determine amounts in case of Issuer default:*** If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment, the Principal Amount Outstanding in relation to each Note of each class and sub-class or the Pool Factor in accordance with this Condition, such amounts may be calculated by the Trustee (without, in the absence of fraud, any liability accruing to the Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer, the Cash Manager or the Mortgage Administrator) and each such calculation shall be deemed to have been made by the Issuer.

- 9.8 **Conclusiveness of certificates and legal opinions:** Any certificate or legal opinion given by or on behalf of the Issuer or, as the case may be, a Swap Provider pursuant to Condition 9.3 (*Optional Redemption in whole*) and Condition 9.4 (*Optional Redemption in whole for taxation reasons*) may be relied on by the Trustee without further investigation and shall be conclusive and binding on the Noteholders and on the other Secured Creditors.
- 9.9 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each Note of each class and sub-class and the Pool Factor to be notified immediately after calculation to the Trustee, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange and will, as soon as practicable after their determination but in any event not later than two Business Days prior to each Interest Payment Date, cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding in relation to each Note of each class and the Pool Factor to be published in accordance with the Notices Condition.
- 9.10 **Notice irrevocable:** Any notice referred to in Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding.
- 9.11 **Restrictions on purchase price:** The Issuer may not purchase any Note of any Class if the purchase price for such Note (after deducting the accrued (and unpaid) interest and expenses in relation to such purchase) would be more than the Principal Amount Outstanding of such Note as at the date of purchase of such Note.
- 9.12 **Cancellation of purchased or redeemed Notes:** All Notes purchased by the Issuer or redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold. The Issuer shall give notice to the Trustee of such cancellation.

10. Limited Recourse

10.1 If at any time following:

- (a) the occurrence of either:
 - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
 - (ii) the service of an Enforcement Notice; and
- (b) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Payments Priorities,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Payments Priorities as Available Issuer Principal, Available Issuer Revenue or as Post Enforcement Issuer Amounts (as applicable), to pay in full all claims ranking in priority to the Notes and all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

For the purposes of this Condition 10, "**Realisation**" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

11. **Payments**

- 11.1 **Principal and interest:** Payments of principal and interest shall be made by cheque drawn in Sterling or, upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for payment, by transfer to an account in Sterling, maintained by the payee with a bank in London and (and in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.
- 11.2 **Cheques:** Cheques sent to the nominated address of a Noteholder will be taken to have been received by the Noteholder on the relevant payment date and no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.
- 11.3 **Record date:** Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office as at the close of the Business Day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Note shall be the only person entitled to receive payments in respect of Notes represented by such Note and the obligations of the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.
- 11.4 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments. Neither the Issuer, the Registrar, nor the Principal Paying Agent shall be liable to any Noteholder or any other person for any commissions, costs, losses or expenses in relation to or resulting from such payments.
- 11.5 **Partial Payments:** If a Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note.
- 11.6 **Payments on Business Days:** If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note as a result.
- 11.7 **Payment after due date:** If any payment of principal or interest in respect of the Notes is made after the due date, payment shall be deemed not to have been made until the earlier of:
- (a) the date on which the full amount is paid to the relevant Noteholders; and
 - (b) the seventh day after notice has been given to the relevant Noteholders in accordance with the Notices Condition that the full amount (together with interest accrued to that date) has been received by the relevant Paying Agent or the Trustee except to the extent there is a default in the subsequent payment thereof to the Noteholders (as the case may be) under the Conditions.
- 11.8 **Payments to Noteholders:**

Subject to Condition 11.7 (*Payment after due date*), every payment of principal or interest in respect of the Notes made to the Principal Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in the Trust Deed, except, in the case of payment to the Principal Paying Agent, to the extent that there is a default in the subsequent payment thereof to the Noteholders under the Conditions.

12. **Taxation**

- 12.1 **Payments free of Tax:** (Subject to Condition 12.3 below) all payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any Taxes imposed, levied, collected, withheld or assessed by the Issuer Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer or the Paying Agents (as the case may be) are required by law to make any payment in respect of the Notes subject to any Tax Deduction. In that event, the Issuer or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.
- 12.2 **No payment of additional amounts:** Neither the Issuer nor the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.
- 12.3 Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder or any other person for any FATCA withholding deducted or withheld by the Issuer, the Principal Paying Agent or any other party as a result of any person not being entitled to receive payments free of FATCA withholding.

13. **Events of Default**

- 13.1 **Events of Default:** Each of the following events shall be an "**Event of Default**":
- (a) *Non-payment of principal:* the Issuer fails to pay any amount of principal in respect of the Notes within 7 days following the due date for payment of such principal to the Paying Agent;
 - (b) *Non-payment of Interest:* the Issuer fails to pay any Interest Amount on the Most Senior Class within 15 days following the due date for payment of such Interest Amount to the Paying Agent (as applicable);
 - (c) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Issuer Covenants, the Trust Deed, the Deed of Charge or any of the other Transaction Documents and the Trustee certifies in writing that such default is, in the opinion of the Trustee materially prejudicial to the interests of the Noteholders of the Most Senior Class and is either: (a) in the opinion of the Trustee, incapable of remedy; or (b) in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer;
 - (d) *Insolvency Event:* an Insolvency Event occurs in relation to the Issuer; or
 - (e) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Documents or any of the other Transaction Documents.
- 13.2 **Delivery of Enforcement Notice:** Subject to Condition 13.3 (*Conditions to delivery of Enforcement Notice*), if an Event of Default occurs and is continuing, the Trustee may at its discretion deliver an Enforcement Notice to the Issuer, but it shall not be bound to do so unless:
- (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class; or
 - (b) so directed by an Extraordinary Resolution of the holders of the Most Senior Class.
- 13.3 **Conditions to delivery of Enforcement Notice:** Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless it

shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may become liable or which it may incur by so doing.

- 13.4 **Consequences of delivery of Enforcement Notice:** Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable, without further action or formality, at their Principal Amount Outstanding together with any accrued (and unpaid) interest. If the Notes become immediately due and payable, interest payable on the Notes will continue to be calculated in accordance with Condition 8 (*Interest*) (with consequential amendments as necessary) except that the Note Rate need not be published.

14. **Enforcement**

- 14.1 **Proceedings:** At any time after the delivery of an Enforcement Notice the Trustee may, at its discretion and without notice, institute such proceedings or take such other steps or actions as it thinks fit to enforce and/or to exercise its rights under the Trust Deed in respect of the Notes of each class (including these Conditions), the Deed of Charge or under the other Transaction Documents, but it shall not be bound to do so unless:

- (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or
- (b) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of outstanding Notes,

and in such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may become liable or which it may incur in so doing.

- 14.2 **Action by the Trustee:** If the Trustee shall take any action described in Condition 14.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor.

- 14.3 **Restrictions on disposal of Issuer's assets:** If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property or any part thereof (apart from Swap Excluded Receipts) unless either:

- (a) a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each class after payment of all other claims ranking in priority to the Notes in accordance with the Post Enforcement Payments Priorities; or
- (b) the Trustee has received advice (which shall be binding on the Noteholders and the other Secured Creditors) from an investment bank or other financial adviser selected by the Trustee, (and if the Trustee is unable to obtain such advice having made efforts to do so this Condition 14.3(b) shall not apply) that the cash flow 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 actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each class after payment of all other claims ranking in priority to the Notes in accordance with the Post Enforcement Payments Priorities and the resulting shortfall would be greater than the shortfall arising upon disposal of the Charged Property.

The Trustee shall not be bound to seek the advice referred to in Condition 14.3(b) unless the Trustee shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may become liable or which it may incur by so doing.

- 14.4 **Third Party Rights:** No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

15. **No action by Noteholders or any other Secured Creditor**

15.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents and/or enforce the Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer in respect of the Trust Documents or to enforce the Security. In particular, none of the Noteholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

- (a) otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to the Noteholders or any other Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any insolvency proceeding in relation to the Issuer; or
- (d) to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

16. **Meetings of Noteholders**

16.1 **Convening:** The Trust Deed contains "**Provisions for Meetings of Noteholders**" for convening separate or combined meetings of Noteholders of any class or classes (or sub-class or sub-classes) to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.

16.2 **Separate and combined meetings:** The Trust Deed provides that, except in the case of an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class and sub-class of Noteholders) and subject to Condition 16.5 (*Relationship between Classes*):

- (a) an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class or sub-class shall be transacted at a separate meeting of the Noteholders of that class or sub-class;
- (b) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class or sub-class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class or sub-class of Notes and the holders of another class or sub-class of Notes shall be transacted either at separate meetings of the Noteholders of each relevant class or sub-class or at a single meeting of the Noteholders of all such classes or sub-classes of Notes as the Trustee shall determine in its absolute discretion;
- (c) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each relevant class; and
- (d) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one sub-class in the same class of Notes and gives rise to any actual or potential conflict of interest between the Noteholders of one sub-class of Notes and the Noteholders of any other sub-class of Notes shall be transacted at separate meetings of the Noteholders of each relevant sub-class.

16.3 **Request from Noteholders:** A meeting of Noteholders of a particular class (or sub-class) may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured to its satisfaction) upon the request in writing of Noteholders of a particular class (or sub-class) holding not less than ten per cent. of the aggregate

Principal Amount Outstanding of the outstanding Notes of that class (or sub-class). However, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without consent of the Issuer and, if applicable, certain other transaction parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

16.4 **Quorum:** The quorum at any meeting convened to vote on:

- (a) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular class or classes (or sub-class or sub-classes) of the Notes will be one or more persons holding or representing in aggregate a majority of the Principal Amount Outstanding of the outstanding Notes in that class or those classes (or sub-class or sub-classes) or, at any adjourned meeting, one or more persons being or representing Noteholders of that class or those classes (or that sub-class or those sub-classes), whatever the Principal Amount Outstanding of the outstanding Notes so held or represented by such persons; and
- (b) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class (or sub-class) of Noteholders) will be one or more persons holding or representing in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class (or sub-class) or, at any adjourned meeting, one or more persons holding or representing not less than in aggregate 25 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant class (or sub-class).

16.5 **Relationship between Classes:**

In relation to each class of Notes:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes (or sub-classes) of Notes (to the extent that there are outstanding Notes in such other classes (or sub-classes));
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class (or sub-class) of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes or sub-classes of Notes ranking senior to such class or sub-class (to the extent that there are outstanding Notes ranking senior to such class or sub-class) unless the Trustee considers that the interests of the holders of each of the other classes or sub-classes of Notes ranking senior to such class or sub-class would not be materially prejudiced by the implementation of such first mentioned Extraordinary Resolution; and
- (c) any resolution passed at a Meeting of Noteholders of one or more classes or sub-classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or such sub-class, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class duly convened and held as aforesaid shall also be binding upon the holders of all the other classes and sub-classes of Notes and will override any resolution to the contrary of the other classes and sub-classes of Notes.

16.6 **Resolutions in writing:** A Written Resolution shall take effect as if it were an Extraordinary Resolution.

17. **Modification and Waiver**

17.1 **Modification:** The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents (other than in respect of a Reserved Matter) in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the interest of the holders of the Most Senior Class; or
- (b) any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is: (i) of a formal, minor or technical nature; (ii) is made to correct a manifest error; or (iii) is requested in writing by the Issuer as necessary or desirable to reflect the then current rating criteria of any Rating Agency to the extent necessary to maintain the then current rating of the Class A Notes provided that in respect of (iii), a certificate from the Mortgage Administrator is provided to the Trustee certifying that: (a) such modification is necessary or desirable to reflect the then current rating criteria of any Rating Agency to the extent necessary to maintain the then current rating of the Class A Notes; and (b) such modification does not constitute a Reserved Matter, and further provided that any such certificate may be relied on by the Trustee without further investigation and shall be conclusive and binding on the Noteholders and on the other Secured Creditors and the Trustee shall not be liable or responsible for any losses to any person, howsoever caused, as a result of taking or omitting to take any action whatsoever in relation to any such certificate, or otherwise.

17.2 **Waiver:** The Trustee may at any time and from time to time in its sole discretion, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the holders of the Most Senior Class would not be materially prejudiced thereby:

- (a) authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or any breach of any of the covenants or provisions contained in the Trust Documents, the Notes or any other of the Transaction Documents; or
- (b) determine, on such terms and subject to such conditions (if any) as it may decide, that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Trust Documents, the Notes or any of the other Transaction Documents,

without any consent or sanction of the Noteholders or any other Secured Creditor.

17.3 **Restriction on power to waive:** The Trustee shall not exercise any powers conferred upon it by Condition 17.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class, but so that no such direction or request shall: (a) affect any authorisation, waiver or determination previously given or made; or (b) require or authorise the Trustee to exercise its discretion to authorise or waive any proposed breach or any breach relating to a Reserved Matter unless the holders of each class of outstanding Notes have, by Extraordinary Resolution, authorised such exercise by the Trustee of its discretion.

17.4 **Notification:** Unless the Trustee otherwise agrees, the Issuer shall cause any authorisation, waiver, modification or determination given or made in accordance with this Condition 17 (*Modification and Waiver*) to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, and to the Rating Agencies, as soon as practicable after it has been made.

17.5 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*) or Condition 17.2 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

18. **Prescription**

18.1 **Principal:** Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.

18.2 **Interest:** Claims for interest in respect of Notes, shall become void where application for payment is made more than five years after the due date therefor.

19. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Stock Exchange requirements, upon payment by the holder of such Note of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

20. **Trustee and Agents**

20.1 **Trustee's right to Indemnity:** Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

20.2 **Trustee not responsible for loss or for monitoring:** The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

20.3 **Regard to classes of Noteholders:** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:

- (a) have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders, including, without limitation, as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
- (b) in the event of a conflict of interests between holders of different classes or sub-class of Notes, have regard only to the holders of the Most Senior Class, save in respect of a Reserved Matter, and will not have regard to any lower ranking class or sub-class of Notes nor to the interests of the other Secured Creditors.

20.4 **Agents solely agents of Issuer:** In acting under the Agency Agreement and in connection with the Notes, the Paying Agents, the Agent Bank and the Registrar act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders (other than as expressly set out in the Transaction Documents).

20.5 **Initial Agents:** The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent, registrar, agent bank or transfer agent and additional or successor paying agents, registrars, agent banks or transfer agents at any time, having given not less than 30 days notice to such Agent.

21. **Substitution of Issuer**

21.1 **Substitution of Issuer:** The Trustee may, without the consent of the Noteholders or any other Secured Creditor and subject to:

- (a) the request of the Issuer; and
- (b) such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Notes and the Secured Amounts.

21.2 **Notice of Substitution of Issuer:** Not later than fourteen days after any substitution of the Issuer in accordance with this Condition has effect, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents, and to the Rating Agencies.

21.3 **Change of Law:** In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the law governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class.

21.4 **No indemnity:** No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

22. Notices

22.1 **Valid Notices:** Any notice to Noteholders shall be validly given if such notice is either:

- (a) published in the Financial Times or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in the United Kingdom;
- (b) prior to the issue of any Definitive Notes and so long as the Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg upon delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders; or
- (c) published on the Relevant Screen.

22.2 **Date of publication:** Any notice so sent or published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if delivered or 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 publication is required or on the Relevant Screen or on the first date of delivery of the relevant notice to Euroclear and Clearstream, Luxembourg (as applicable).

22.3 **Other Methods:** The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the Stock Exchange on which the Notes are then listed and the clearing system through which the Notes are cleared and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

23. Governing Law and Jurisdiction

23.1 **Governing law:** The Transaction Documents and the Notes and all non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, English law.

23.2 **Jurisdiction:** The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes 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 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 Transaction Documents shall be brought in such Courts. The Issuer has in each of the Transaction Documents irrevocably submitted to the jurisdiction of the Courts of England.

TAX TREATMENT ON THE NOTES

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 current law and the practice of 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. 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.

Interest on the Notes

Withholding tax on payments of interest on the Notes

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the 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 they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000). The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of that Exchange.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Provision of Information

Holder should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2012/2013 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive.

EU Savings Directive

Under the EC Council Directive 2003/4EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive; which may, if implemented, amend or broaden the scope of the requirements described above. Issuers who are in any doubt as to their position should consult their professional advisers.

Other Rules Relating to United Kingdom Withholding Tax

- (a) Where interest has been paid under deduction of United Kingdom income tax, holders of the Notes 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.
- (b) 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 or which may be created by the terms and conditions of the Notes or any related documentation.
- (c) The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 21 (*Substitution of Issuer*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a subscription agreement dated 27 April 2012 between WBBS, (as the Originator), the Joint Lead Managers and the Issuer (the "**Subscription Agreement**"), together agreed with the Issuer (subject to certain conditions) to subscribe and pay for: (i) £92,300,000 of the Class A1 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A1 Notes; and (ii) £82,700,000 of the Class A2 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A2 Notes in each case as at the Closing Date.

WBBS (the Originator) has, pursuant to the Subscription Agreement, agreed with the Issuer (subject to certain conditions) to subscribe and pay for: (i) £72,200,000 of the Class A1 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A1 Notes; (ii) £39,300,000 of the Class A2 Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A2 Notes; and (iii) 100 per cent. of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes, in each case as at the Closing Date.

The Issuer has agreed to indemnify WBBS and the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than having applied for the admission of the Notes to the Official List and admission to trading on the London Stock Exchange's Regulated Market, no action has been taken by the Issuer, the Joint Lead Managers or WBBS, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

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.

United Kingdom

Each of the Joint Lead Managers has represented 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.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within 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 registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

Each of the Joint Lead Managers and WBBS has agreed that, except as permitted by the Subscription Agreement, they will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering and the closing date 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. See "*Transfer Restrictions and Investor Representations*", below.

General

Each of the Joint Lead Managers and WBBS has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with Part VI of FSMA, having applied for the admission of the Notes to the Official List and admission to trading on the London Stock Exchange, no further action has been or will be taken in any jurisdiction by the Joint Lead Managers that would, or is

intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Each of the Joint Lead Managers and WBBS has undertaken that it/they will not, directly or indirectly, offer or sell any Notes or have in its/their 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/their knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it/them will be made on the same terms.

The Originator will undertake in the Originator Trust Deed (in favour of the Trustee on behalf of the Secured Creditors) and has undertaken in the Subscription Agreement (in favour of the Joint Lead Managers) that it will, whilst any of the Notes remain outstanding: (i) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 122a; and (ii) in respect of its obligations under paragraph 7 of Article 122a, subject always to any requirement of law, provide access to such data as the Originator shall determine is "materially relevant data" (for the purposes of such paragraph) on an objective basis taking into account generally accepted market practice as to disclosure and reporting guidance from or applicable to regulators to which it is subject and the requirements of the Noteholders as a class, and provided always that the Originator will not be in breach of this undertaking if due to events, actions or circumstances beyond the Originator's control, the Originator is not able to comply with such undertaking.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales by the Purchasers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) may only be offered, sold, resold, delivered or transferred: (i) outside the United States to a non US person in an offshore transaction in reliance on Rule 903 or 904 of Regulation S; or (ii) following the expiration of the distribution compliance period, pursuant to an applicable exemption from the registration requirements of the Securities Act and in accordance with any applicable securities law of any state of the United States.

Investor Representations and Restrictions on Resale

By its purchase of the Notes, each purchaser of the Notes (each initial purchaser, together with each subsequent transferee are referred to herein as the "**Purchaser**", which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed to the following (undefined terms used in this section that are defined in Regulation S are used herein as defined therein):

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only: (i) to a purchaser who is not a U.S. Person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. Person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; or (ii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (b) unless the relevant legend set out below has been removed 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;
- (c) the Issuer, the Registrar, the Arranger, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements;
- (d) 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 it will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement;
- (e) 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; and
- (f) it 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.

Each Purchaser understands that: (i) the sale of the Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) to it is being made in reliance on Regulation S; and (ii) the Notes (including interests therein represented by a Global Note, a Definitive Note or a Book-Entry Interest) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below:

THIS NOTE HAS NOT BEEN REGISTERED 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 UNITED STATES AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND, AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING OF THE OFFERING THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE EXCEPT TO A NON U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND IN PRINCIPAL AMOUNT OF NOT LESS THAN £100,000.

THE PURCHASER OF THIS NOTE OR ANY INTEREST IN THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT: (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT BE, A BENEFIT PLAN INVESTOR AS DEFINED IN SECTION 3(42) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"); AND (II) IF IT IS OR MAY BECOME A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS NOT SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE U.S INTERNAL REVENUE CODE OF 1986, AS AMENDED, (THE "**CODE**"), ITS PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY U.S. FEDERAL, STATE OR LOCAL LAW OR ANY NON U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE. "**BENEFIT PLAN INVESTOR**," AS DEFINED IN SECTION 3(42) OF ERISA, INCLUDES (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

THE PURCHASER IS HEREBY NOTIFIED THAT 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.

PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, AN INTEREST IN THIS NOTE MAY BE HELD ONLY THROUGH EUROCLEAR OR CLEARSTREAM, LUXEMBOURG.

Because of 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.

LISTING AND GENERAL INFORMATION

- (a) It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on the London Stock Exchange's Regulated Market will be granted on or around 30 April 2012. Prior to listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the date of the transaction.
- (b) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 15 March 2011 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
- (c) No statutory or non-statutory accounts within the meaning of Section 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the London Stock Exchange's Regulated Market, 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.
- (d) For so long as the Notes are admitted to the Official List and to trading on the London Stock Exchange's Regulated Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
- (e) The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the European Union, and has submitted an application for registration in accordance with the CRA Regulation and such application for registration is still pending.
- (f) Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of its business.
- (g) Since 15 March 2011 (being the date of incorporation of the Issuer), there has been: (a) no material adverse change in the financial position or prospects of the Issuer; and (b) no significant change in the financial or trading position of the Issuer.
- (h) The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 23 April 2012.
- (i) The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

Class of Notes	ISIN	Common Code
Class A1 Notes	XS0772555677	077255567
Class A2 Notes	XS0772555750	077255575
Class B Notes	XS0772555834	077255583

- (j) For so long as this Prospectus is in effect, copies of the memorandum and articles of association of each of the Issuer and Holdings may be inspected at the registered office of the Principal Paying Agent during usual business hours, on any weekday (public holidays excepted).
- (k) The Issuer will make available: (i) post issuance information in relation to each Mortgage Loan; and (ii) post issuance transaction information in the form of Monthly Investor Reports via the following websites: (1) in the case of (ii) only, Bloomberg; and (2) in the case of (i) and (ii), EuroABS.com. The website and the contents thereof do not form part of this Prospectus.
- (l) The Monthly Investor Reports produced by the Cash Manager on behalf of the Issuer will contain information as set out in the Cash Management Agreement including, but not limited to information in respect of the Mortgage Loans, a confirmation of the Originator's retained economic interest in the securitisation as required by Article 122a, details relating to any reacquisitions of Mortgage Loans by the Originator pursuant to the Originator Trust Deed and

details with respect to the rates of interest, Note principal and interest payments and other payments by the Issuer.

- (m) Other than as outlined in paragraphs (k) and (l) above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.
- (n) The Issuer confirms that the Mortgage Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, 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. Consequently investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.

GLOSSARY OF DEFINED TERMS

"Accrued Interest"	means, as at any date (the " determination date ") on or after the Closing Date and in relation to any Mortgage Loan, interest on such Mortgage Loan (not being interest which is currently payable on the determination date) which has accrued (but is not yet due and payable) from and including the first day of the calendar month immediately prior to the determination date to and including the determination date.
"Additional Interest"	has the meaning ascribed to it in Condition 8.11 (<i>Interest Deferred</i>).
"Agency Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, Agent Bank, the Principal Paying Agent, the Transfer Agent, the Registrar and the Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time).
"Agent Bank"	means Citibank, N.A., London Branch in its capacity as agent bank pursuant to the Agency Agreement.
"Agents"	means the Agent Bank, the Registrar, the Paying Agents and the Transfer Agent and " Agent " means any one of them.
"Ancillary Rights"	means in relation to a Right, all ancillary rights, accretions and supplements to such Right, including, without limitation, any guarantees or indemnities in respect of such Right.
"Appointee"	means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Documents.
"Arranger"	means, in relation to the Notes, Citigroup Global Markets Limited in its capacity as the arranger.
"Arrears of Interest"	means as at any date (the " determination date ") on or after the Closing Date and in relation to any Mortgage Loan, interest (which has not been capitalised) on such Mortgage Loan which is currently due, payable and unpaid on or before that determination date.
"Authorised Investments"	means: <ul style="list-style-type: none">(a) Sterling gilt-edged securities provided that such investments will mature at least one Business Day prior to the next Interest Payment Date; and(b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) which may include deposits into any account which earns a rate of interest related to LIBOR) provided that in all cases such investments will mature at least one Business Day prior to the next Interest Payment Date and the short-term, unguaranteed and unsubordinated debt obligations of the entity with which the demand or time deposits are made (being an authorised institution under the FSMA) are rated at least equal to P-1 by Moody's and the short-term issuer default ratings of the entity with which the demand or time deposits are made (being an authorised institution under the FSMA) are rated at least F1+ by Fitch and (if

such long-term rating is available) the long-term issuer default ratings of the entity with which the demand or time deposits are made (being an authorised institution under the FSMA) are rated at least AA- by Fitch or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Notes.

"Available Issuer Principal"	shall have the meaning given to this term on page 124.
"Available Issuer Revenue"	shall have the meaning given to this term on page 119
"Back-Up Cash Management Agreement"	means the agreement between WBBS, the Back-Up Cash Manager, the Issuer and the Trustee dated on or about the Closing Date which provides that the Back-Up Cash Manager will be appointed as Cash Manager upon the occurrence of a Cash Manager Event (as defined in the Cash Management Agreement).
"Back-Up Cash Manager"	means Citibank N.A., London Branch acting in its capacity as such as appointed pursuant to the Back-Up Cash Management Agreement or any successor Back-Up Cash Manager in such capacity.
"Back-Up Mortgage Administration Agreement"	means the agreement dated on or about the Closing Date between WBBS (as Originator, Originator Beneficiary and Mortgage Administrator), the Back-Up Mortgage Administrator, the Issuer and the Trustee which provides that the Back-Up Mortgage Administrator will act as a delegate mortgage administrator upon the occurrence of a Mortgage Administrator Delegation Event.
"Back-Up Mortgage Administrator"	means Crown Mortgage Management Limited acting in such capacity or any successor in such capacity pursuant to the Back-Up Mortgage Administration Agreement.
"Back-Up Mortgage Administrator Facilitator"	means Structured Finance Management Limited acting in such capacity or any successor in such capacity pursuant to the Mortgage Administration Agreement.
"Banking Act"	means the Banking Act 2009.
"Basel Committee"	means the Basel Committee on Banking Supervision.
"Basel II Framework"	means the regulatory capital framework published by the Basel Committee in 2006.
"BBA "	means the British Bankers Association.
"BBR Swap"	means a Bank of England base rate-LIBOR swap entered into pursuant to the BBR Swap Agreement.
"BBR Swap Agreement"	means the agreement in the form of a 1992 ISDA Master Agreement (including a schedule thereto, a Credit Support Annex and one or more confirmations) dated on or about the Closing Date between the Issuer and the BBR Swap Provider (as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
"BBR Swap Provider"	means Barclays Bank PLC in its capacity as swap provider pursuant to the BBR Swap Agreement, and any replacement

thereto in such capacity.

"Beneficiaries Deed"

means the beneficiaries deed so named entered into on or about the Closing Date between the Originator Beneficiary and the Issuer.

"Benefit"

means in respect of any asset, agreement, property or right (each a "**Right**" for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person and shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach.

"Book-Entry Interests"

means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.

"Borrower"

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

"Business Day"

means, a day on which commercial banks and foreign exchange markets settle payments in London.

" Calculation Date "	means in relation to an Interest Payment Date, the third Business Day prior to such Interest Payment Date and a Calculation Date shall relate to an Interest Payment Date (and be the " related Calculation Date " in respect of such Interest Payment Date) where such Calculation Date immediately precedes such Interest Payment Date.
" Calculation Period "	means each period from, and including, the first day in a calendar month (or in respect of the first Calculation Period, from the Closing Date) to (and including) the last day in the calendar month immediately preceding a Calculation Date (or in respect of the first Calculation Period, the first Calculation Date). A Calculation Period shall relate to an Interest Period (and be the " related Calculation Period " in respect of such Interest Period) where such Calculation Period runs to (and includes) the last day in the calendar month immediately preceding the Calculation Date which relates to the Interest Payment Date in respect of such Interest Period.
" Call Option "	means the option of the Issuer to redeem all (but not some only) of the Notes on any Interest Payment Date from and including the Step-Up Date in accordance with Condition 9.3(b).
" Capitalised Arrears "	means, in relation to a Mortgage Loan, at any date, amounts of interest (excluding Arrears of Interest) which are overdue in respect of that Mortgage Loan and which as at that date have been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms or otherwise at the discretion of the Originator, acting in accordance with any applicable regulatory obligations.
" Capitalised Interest "	means in relation to a Mortgage Loan in respect of which a Borrower has taken a Payment Holiday, the amount of interest that would have been paid on the relevant Mortgage Loan if not for such Payment Holiday and which has at that date been added to the principal balance in respect of such Mortgage Loan in accordance with the Mortgage Terms.
" Cash Management Agreement "	means the cash management agreement so named entered into on or about the Closing Date between the Cash Manager, the Issuer, the Back-Up Cash Manager, the Trustee and the Originator (as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
" Cash Manager "	means WBBS in its capacity as Cash Manager or any successor Cash Manager appointed in accordance with the terms of the Cash Management Agreement.
" CCA "	means the Consumer Credit Act 1974.
" Charged Property "	means all the property of the Issuer which is subject to the Security.
" Class " or " class "	means, in relation to the Notes, each or any of the Class A Notes and the Class B Notes, as the context may require.
" Class A Noteholders "	means the persons who for the time being are holders of the Class A Notes.
" Class A Notes "	means the Class A1 Notes and the Class A2 Notes.

"Class A1 Noteholders"	means the persons who for the time being are the holders of the Class A1 Notes.
"Class A1 Notes"	means the £164,500,000 Class A1 mortgage backed floating rate notes due 2043 (whether represented by Definitive Notes or the Global Note).
"Class A2 Noteholders"	means the persons who for the time being are the holders of the Class A2 Notes.
"Class A2 Notes"	means the £122,000,000 Class A2 mortgage backed floating rate notes due 2043 (whether represented by Definitive Notes or the Global Note).
"Class A Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes.
"Class B Noteholders"	means the persons who for the time being are holders of the Class B Notes.
"Class B Notes"	means the £52,600,000 Class B mortgage backed floating rate Notes due 2043 (whether represented by Definitive Notes or the Global Note).
"Class B Principal Deficiency Sub-Ledger"	means the sub-ledger of the Principal Deficiency Ledger relating to the Class B Notes.
"Clearstream, Luxembourg"	Clearstream Banking, <i>société anonyme</i> and any successor to its business.
"Closing Date"	means 30 April 2012, or such other date as the Issuer and the Joint Lead Managers may agree.
"Collection Account Bank"	means HSBC Bank PLC acting in such capacity or its successor.
"Collection Account Declaration of Trust"	means the declaration of trust so named in relation to the Collection Accounts dated on or about the Closing Date and any subsequent declaration of trust so named, each being made by WBBS.
"Collection Accounts"	means the accounts in the name of WBBS held with the Collection Account Bank into which payments received from Borrowers in respect of the Mortgage Loans are paid and " Collection Account " means any one of them.
"Common Depository"	means the common depository for Euroclear and Clearstream, Luxembourg.
"Conditions"	means the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in Schedule 3 (<i>Terms and Conditions</i>) of the Trust Deed, as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly.
"Corporate Services Agreement"	means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee, Holdings, the Issuer and the Originator.
"Corporate Services Provider"	means Structured Finance Management Limited (registered number 3853947), private limited company incorporated under the laws of England and Wales, whose registered office is 35

	Great St. Helen's, London EC3A 6AP or such other person or persons for the time being acting as corporate services provider to the Issuer and Holdings under the Corporate Services Agreement.
"CPUTRs"	means the Consumer Protection from Unfair Trading Regulations 2008.
"CRA Regulation"	means Regulation (EC) No 1060/2009, as amended of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
"CRD"	means Directives 2006/48/EC and 2006/49/EC, referred to together as the Capital Requirements Directive.
"Credit Support Annex"	means any credit support annex executed in accordance with the provisions of a Swap Agreement.
"Current Balance"	means, in respect of a Mortgage Loan on any date (the " determination date "), the aggregate balance of the Mortgage Loan on such date which shall comprise the following (without double counting): <ul style="list-style-type: none"> (a) the Initial Advance; (b) each Further Advance; (c) Capitalised Arrears; (d) Capitalised Interest; (e) any capitalised high LTV fees, insurance fees, booking fees and valuation fees; and (f) any other amount not included in (a) to (e) above 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 is intended to be secured by the Mortgage relating to such Mortgage Loan; <p><i>less</i></p> <ul style="list-style-type: none"> (g) any prepayment, repayment or payment of the foregoing made on or prior to the determination date.
"Deed of Charge"	means the deed so named entered into on or about the Closing Date between the Issuer and the Trustee, and any document expressed to be supplemental to the Deed of Charge.
"Deferred Consideration"	means the deferred consideration payable by the Issuer to the Originator in accordance with the terms of the Originator Trust Deed.
"Definitive Notes"	means any definitive note representing any of the Notes in, or substantially in the form set out in the Trust Deed.
"Early Repayment Charges"	means any charges (other than a Redemption Fee) which a Borrower is required to pay in the event that the Borrower repays all or any part of the relevant Mortgage Loan before a specified date in the Mortgage Terms.

"Enforcement Notice"	means a notice issued by the Trustee to the Issuer declaring the Notes to be due and repayable pursuant to Condition 13 (<i>Events of Default</i>).
"Euroclear"	means Euroclear Bank S.A./N.V and any successor to such business.
"Event of Default"	means any one of the events specified in Condition 13 (<i>Events of Default</i>) of the Notes.
"Extraordinary Resolution"	means: (a) a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast; or (b) a Written Resolution.
"Final Maturity Date"	means the Interest Payment Date falling in January 2043.
"Financial Ombudsman Service"	means the scheme provided under Part XVI FSMA to investigate complaints against unauthorised persons (as defined in FSMA).
"First Interest Payment Date"	means the Interest Payment Date falling in October 2012.
"Fixed Rate Loan Balance"	means, in respect of a Calculation Period, the aggregate adjusted Current Balance less Accrued Interest of all Fixed Rate Loans (being the aggregate Current Balance of all Fixed Rate Loans less the aggregate Current Balance of those Fixed Rate Loans which are six Monthly Payments or more in arrears) on the last day of the Calculation Period immediately preceding the relevant Calculation Period, as notified to the Fixed Rate Swap Provider by the Mortgage Administrator in accordance with the Mortgage Administration Agreement.
"Fixed Rate Loans"	means the Mortgage Loans to the extent that and for such period that their Mortgage Terms provide that the interest rate does not vary and is fixed by the Originator.
"Fixed Rate Swap"	means a fixed rate-LIBOR swap entered into pursuant to the Fixed Rate Swap Agreement.
"Fixed Rate Swap Agreement"	means the agreement in the form of a 1992 ISDA Master Agreement (including a schedule thereto, a Credit Support Annex and one or more confirmations) dated on or about the Closing Date between the Issuer and the Fixed Rate Swap Provider (as the same may be amended, restated, supplemented, replaced and/or novated from time to time).
"Fixed Rate Swap Provider"	means Barclays Bank PLC in its capacity as swap provider pursuant to the Fixed Rate Swap Agreement, and any replacement thereto in such capacity.
"FSA"	means the United Kingdom Financial Services Authority.
"FSMA"	means the Financial Services and Markets Act 2000.
"Further Advance"	means, in relation to a Mortgage Loan, any advance of further money following the making of the Initial Advance to a Borrower which is secured by the same Mortgage as the Initial Advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

"General Reserve Fund"	means the reserve fund established on the Closing Date by the Issuer which will be initially funded by the Subordinated Loan Provider up to the General Reserve Fund Required Amount and which will subsequently be funded on each Interest Payment Date from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.
"General Reserve Fund Required Amount"	means an amount equal to £10,173,000 (being an amount equal to 3 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date) at all times prior to the date which the Class A Notes are fully repaid, and zero on any date on or after the Class A Notes are fully repaid.
"General Reserve Ledger"	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.
"GIC Account"	means the account in the name of the Issuer (account number 23736172), sort code 20-19-90) held at the GIC Provider or replacement bank account.
"GIC Account Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the GIC Provider and the Trustee.
"GIC Provider"	means Barclays Bank PLC acting in such capacity or its successor.
"Group"	means WBBS, together with its subsidiaries.
"HMRC"	means Her Majesty's Revenue and Customs.
"holder"	means the registered holder of a Note as entered in the Register in respect of that Note and the words " holders " and related expressions shall (where appropriate) be construed accordingly.
"Holdings"	means Kenrick No.1 Holdings Limited (registered number 7509614), a private limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St. Helen's, London EC3A 6AP.
"Housing Indices"	means the United Kingdom residential property prices, as measured by the Nationwide House Price Index and the Halifax Price Index.
"ICSDs"	means Clearstream, Luxembourg and Euroclear.
"In Arrears" or "in arrears"	means, in respect of a Mortgage Loan, that one or more Monthly Payments in respect of such Mortgage Loan have become due and remain unpaid (either in whole or in part) by a Borrower.
"Incorporated Terms Memorandum"	means the memorandum so named dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties.
"Industry PPR"	has the meaning given to it on page 95.
"Initial Advance"	means in relation to a Mortgage Loan, the original principal amount advanced to the relevant Borrower including the amount of any retention advanced to the relevant Borrower after completion of the Mortgage and does not include any: (a) Further Advance; or (b) Early Repayment Charge.

"Initial Consideration"

means an amount equal to 99 per cent. of the aggregate of the Current Balance less Accrued Interest in relation to each Mortgage Loan on the Closing Date.

"Insolvency Act"

means the Insolvency Act 1986.

"Insolvency Event"

in respect of a company or a building society means:

- (a) such company 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 on any of its debts; or
- (b) the value of the assets of such company is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or
- (c) the company takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or a moratorium is declared in respect of any of its indebtedness; or
- (d) 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
- (e) any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company; or
 - (ii) an encumbrancer (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company; or
 - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or
 - (iv) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or

- (f) an order being made or an effective resolution being passed for the winding-up of the company except, in the case of the Issuer, a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have been previously approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or
- (g) any procedure or step is taken, or any event occurs, analogous to those set out in (a)-(f) above, in any jurisdiction,

and any reference to a "company" in this definition should be deemed to include reference to a building society.

"Insolvency Official"

means, in relation to a company or building society, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class) provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

"Insurance Policies"

means:

- (a) all buildings insurance policies relating to freehold or commonhold Mortgaged Properties which have been taken out in the name of the relevant Borrower in accordance with the applicable Mortgage Terms or the recommendations contained in the Offer Conditions provided by the Originator to Borrowers who elect to arrange independent buildings insurance for their Mortgaged Properties;
- (b) all landlord's buildings insurance policies relating to leasehold Mortgaged Properties;
- (c) any insurance policy of the Originator which is intended to cover financial loss incurred by the Originator in respect of a Mortgage Loan in relation to which adequate insurance of the related Mortgaged Property has not been arranged by the relevant Borrower; and
- (d) any properties in possession insurance policy which is intended to indemnify against financial loss incurred in respect of any Mortgaged Property where the relevant Mortgaged Property is taken into possession by the Originator, to the extent such policy relates to the Mortgage Loans.

"Interest Amount"

means in respect of a Note for any Interest Period the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by:

- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date by the relevant Note Rate;

and

- (b) then multiplying the amount so calculated in paragraph (a) by the relevant Day Count Fraction and rounding the resultant figure down to the nearest Minimum Amount.

"Interest Determination Date"	means each Interest Payment Date or, in the case of the first Interest Period, the Closing Date, and an Interest Determination Date shall relate to an Interest Period (and be the " related Interest Determination Date " in respect of such Interest Period) where the Interest Period commences on such Interest Determination Date.	
"Interest Payment Date"	means the 11 th day of October, January, April and July in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day.	
"Interest Period"	means the period from (and including) an Interest Payment Date to but excluding the next succeeding Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date) to (but excluding) the First Interest Payment Date).	
"Interest-only Loans"	means a Mortgage Loan whereby the Borrower makes monthly payments of interest but not of principal so that, when the Mortgage Loan matures, the entire principal amount of the Mortgage Loan is still outstanding and is payable in one lump sum and if any Initial Advance or Further Advance is included in such Mortgage Loan, the whole Mortgage Loan shall be deemed to be an Interest-only Loan.	
"Issuer"	means Kenrick No.1 plc (registered number 7565238), a public limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St. Helen's London EC3A 6AP.	7.4.2 7.4.3 7.4.5
"Issuer Accounts"	means the GIC Account and any Swap Collateral Account and " Issuer Account " means any of them and any additional or replacement bank accounts held in the name of the Issuer from time to time with the prior written consent of the Trustee.	
"Issuer Interest "	means an undivided share of 99 per cent. of the beneficial interest in the Originator Trust Property.	
"Issuer Principal Amount"	means £339,100,000.	
"Issuer Principal Losses"	means the amount that is 99 per cent. of Principal Losses.	
"Issuer Principal Receipts"	means for each Interest Payment Date the amount that is 99 per cent. of Principal Receipts received during the immediately preceding Calculation Period.	
"Issuer Profit Amount"	means an amount equal to £21,000 on the Interest Payment Date falling in October 2012 and £250 on each Interest Payment Date thereafter in each case to be credited to Issuer Profit Ledger of the GIC Account and to be retained by the Issuer as profit in respect of the business of the Issuer.	
"Issuer Profit Ledger"	means the ledger of the GIC Account so named in the books of the Issuer and maintained by the Cash Manager on behalf of the	

	Issuer.
"Issuer Revenue"	has the meaning given to it on page 119.
"Joint Lead Managers"	means each of Citigroup Global Markets Limited, Barclays Bank PLC and J.P. Morgan Securities Ltd..
"Lending Criteria"	means the criteria contained in the Originator Trust Deed or such other criteria as would be acceptable to a Prudent Mortgage Lender.
"Liabilities"	has the meaning given to it in the Conditions.
"LIBOR"	means London Interbank Offered Rate.
"Loan Files"	means the file or files relating to each Mortgage Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing inter alia correspondence between the Borrower and the Originator and including mortgage documentation applicable to the Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report (if applicable) and, to the extent available, the solicitor's or licensed conveyancer's certificate of title.
"London Stock Exchange"	means London Stock Exchange plc.
"LTV, "LTV Ratio" or "loan-to-value ratio"	means the ratio (expressed as a percentage) of the Current Balance of a Mortgage Loan to: (i) where no Further Advance has been made, the lesser of the valuation (as provided in the relevant Valuation Report) or purchase price of the Mortgaged Property; or (ii) where a Further Advance has been made, the valuation prepared for such Further Advance.
"Markets in Financial Instruments Directive"	means the EU Directive 2004/39/EC.
"Maturity Date"	means, in respect of a class of Notes, the Final Maturity Date, or such other date on which the Notes are redeemed in full.
"MCOB"	means the FSA's Mortgages and Home Finance: Conduct of Business sourcebook, as the same may be amended, revised or supplemented from time to time.
"Meeting"	means a meeting of Noteholders of any class or classes (or sub-class or sub-classes) (whether originally convened or resumed following an adjournment).
"Minimum Amount"	means one penny.
"Monthly Investor Report"	means the monthly report prepared by the Cash Manager in accordance with the Cash Management Agreement.
"Monthly Payment"	means the amount which the relevant Mortgage Terms require a Borrower to pay on each Monthly Payment Date in respect of that Borrower's Mortgage Loan.
"Monthly Payment Date"	means the date on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Mortgage Loan or, if any such day is not a Business Day, the next following Business Day, except where such next following Business Day falls in a different month in which case, the

	preceding Business Day.	
"Moody's"	means Moody's Investors Service Limited and includes any successor to its rating business.	
"Mortgage"	means in respect of any Mortgage Loan, each first fixed charge by way of legal mortgage which secures the repayment of the relevant Mortgage Loan including the Mortgage Conditions applicable to it and together, the "Mortgages" .	
"Mortgage Administration Agreement"	means the agreement so named dated on or about the Closing Date between the Issuer, the Mortgage Administrator, the Originator, the Trustee and the Back-Up Mortgage Administrator Facilitator.	
"Mortgage Administration Services"	means the mortgage administration services to be performed by the Mortgage Administrator pursuant to the Mortgage Administration Agreement.	
"Mortgage Administrator"	means WBBS in its capacity as mortgage administrator pursuant to the Mortgage Administration Agreement or such other person as may from time to time be appointed as delegate mortgage administrator of the Mortgage Loans pursuant to the Mortgage Administration Agreement.	8.3.7
"Mortgage Administrator Delegation Event"	has the meaning given to this term on page 105.	
"Mortgage Administrator Failure Reserve Fund"	means the reserve fund established upon the occurrence of a Mortgage Administrator Report Failure Event which will be funded on each relevant Interest Payment Date from Available Issuer Revenue in accordance with the Pre-Enforcement Revenue Payments Priorities.	
"Mortgage Administrator Failure Reserve Ledger"	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.	
"Mortgage Administrator Report"	means a report to be provided by the Mortgage Administrator in respect of each Calculation Period in accordance with the terms of the Transaction Documents.	
"Mortgage Administrator Report Failure Event"	means, in relation to an Interest Payment Date, any occasion where the Mortgage Administrator has failed to deliver a Mortgage Administrator Report in relation to any of the preceding Calculation Periods in accordance with the Mortgage Administration Agreement and such failure is continuing on the related Calculation Date.	
"Mortgage Conditions" or "Loan Conditions"	means the terms and conditions applicable to a Mortgage Loan, as contained in the Originator's Mortgage Conditions booklet for England and Wales applicable from time to time.	
"Mortgage Deed"	means, in respect of any Mortgage, the deed in written form creating that Mortgage.	
"Mortgage Loan"	means a residential mortgage loan, secured by one or more Mortgages and other Related Security, and any Further Advances made relating to the same Property (whether or not secured by the same Mortgage and Related Security) which is designated by the Originator on the Closing Date to be included in the Originator Trust Property in which the Issuer will acquire	

the Issuer Interest on the Closing Date.

"Mortgage Portfolio"	means the portfolio of Mortgage Loans, Mortgages and other Related Security and all Rights, Ancillary Rights, interest, Benefit, income and payments in relation thereto comprised in the Originator Trust established by the Originator on the Closing Date but excluding, from time to time, (for the avoidance of doubt) each Mortgage Loan and its Related Security which is reacquired by the Originator pursuant to the Originator Trust Deed and in which the Issuer no longer has any beneficial interest.
"Mortgaged Property"	means a freehold, leasehold or commonhold property which is subject to a Mortgage and together, the " Mortgaged Properties ".
"Mortgage Terms"	means all the terms and conditions applicable to a Mortgage Loan, including without limitation the applicable Mortgage Conditions and Offer Conditions.
"Most Senior Class"	means: <ul style="list-style-type: none">(a) the Class A1 Notes whilst they remain outstanding;(b) when no Class A1 Notes remain outstanding, the Class A2 Notes whilst they remain outstanding; and(c) thereafter the Class B Notes.
"Net Stable Funding Ratio"	has the meaning given to this term on page 27.
"Noteholders"	means the Class A Noteholders and the Class B Noteholders or, where the context otherwise requires, the holders of Notes of a particular class, classes, sub-class or sub-classes (including the Class A1 Notes and the Class A2 Notes).
"Notes"	means the Class A1 Notes, the Class A2 Notes and the Class B Notes and " Note " means any of them.
"Offer Conditions"	means the terms and conditions applicable to a specified Mortgage Loan as set out in the relevant offer letter to the Borrower.
"Official List "	means the official list maintained by the FSA under Section 74 of FSMA.
"OFT"	means the Office of Fair Trading in the U.K.
"Ombudsman"	means the Financial Ombudsman Service.
"Originator"	means WBBS acting in its capacity as originator of the Mortgage Loans and their Related Security.
"Originator Asset Warranties"	means the representations and warranties in respect of the Mortgage Loans as set out in the Originator Trust Deed and given by the Originator.
"Originator Beneficiary"	means WBBS in its capacity as the originator beneficiary under the Originator Trust pursuant to the Originator Trust Deed.
"Originator Interest"	means an undivided share of 1 per cent. of the beneficial interest in the Originator Trust Property.

"Originator Power of Attorney"	means the power of attorney granted by the Originator in favour of the Issuer and the Trustee contained in the Originator Trust Deed.
"Originator Trust Beneficiaries"	means the Originator Trustee and the Issuer Beneficiary and "Originator Trust Beneficiary" means either of them.
"Originator Trust Deed"	means the originator trust deed so named dated on or about the Closing Date between the Originator, the Issuer and the Originator Trustee.
"Originator Trust Property"	has the meaning given to this term on page 82.
"Originator Trustee"	means WBBS acting in its capacity as Trustee of the Originator Trust.
"outstanding"	has the meaning given to this term in Condition 2.1.
"Overpayment"	means, in relation to a payment by a Borrower in an amount greater than the scheduled Monthly Payment then due on the relevant Mortgage Loan, or a one-off payment by a Borrower of amounts in respect of principal not then due and payable in respect of such Mortgage Loan, the amount by which such payment exceeds the Scheduled Monthly Payments then due in respect of such Mortgage Loan.
"Participants"	has the meaning given to this term on page 128.
"Paying Agents"	means the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement.
"Payment Holiday"	means the period of time that a Borrower under a Mortgage Loan refrains from making payments of interest and principal on his Mortgage Loan as expressly permitted by the terms of the Borrower's Mortgage Loan or agreed by the Mortgage Administrator.
"Payments Priorities"	means the Pre-Enforcement Payments Priorities and the Post Enforcement Payments Priorities.
"Post Enforcement Issuer Amounts"	has the meaning given to this term on page 125.
"Post Enforcement Payments Priorities"	means the order of priority of payments named as such and set out for reference on page 125.
"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.
"Power of Attorney Event"	has the meaning given to this term on page 86.
"PPI"	means payment protection insurance.
"Pre-Enforcement Payments Priorities"	means the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities.
"Pre-Enforcement Revenue Payments Priorities"	means the order of priority of payments named as such and set out for reference on page 121.

"Pre-Enforcement Principal Payments Priorities"	means the order of priority of payments named as such and set out for reference on page 124.
"Principal Amount Outstanding"	means, on any day: <ul style="list-style-type: none"> (a) in relation to a Note, the principal amount outstanding of that Note as at the Closing Date, less the aggregate of any principal payments in respect of that Note which have been paid on or prior to that day; (b) in relation to a class, the aggregate of the amount in (a) 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 (a) in respect of all Notes outstanding, regardless of class.
"Principal Deficiency Ledger"	means the Principal Deficiency Ledger comprising the Class A Principal Deficiency Sub-Ledger and the Class B Principal Deficiency Sub-Ledger maintained by the Cash Manager on behalf of the Issuer which records on it all deficiencies arising from Issuer Principal Losses allocated to the Notes and Available Issuer Principal used to pay a Remaining Revenue Shortfall.
"Principal Ledger"	means the ledger in the books of the Issuer so named and maintained by the Cash Manager on behalf of the Issuer.
"Principal Losses"	means any losses arising in relation to a Mortgage Loan (including any Set-Off Losses).
"Principal Paying Agent"	means Citibank, N.A., London Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement or any successor appointed from time to time in connection with the Notes under the Agency Agreement.
"Principal Receipts"	has the meaning given to this term on page 123.
"Product Switches"	has the meaning given to this term on page 78.
"Product Switch Conditions"	Has the meaning given to this term on page 103.
"Property"	means a freehold, leasehold or commonhold property which is subject to a Mortgage.
"Prospectus"	means this prospectus of the Issuer for the purposes of the Prospectus Directive.
"Prospectus Directive"	means EU Directive 2003/71/EC.
"Provisional Mortgage Portfolio"	has the meaning given to this term on page 56.
"Provisions for Meetings of Noteholders"	has the meaning given to that term in the Conditions.
"Prudent Mortgage Lender"	means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales who generally satisfy the lending criteria of traditional sources of residential mortgage capital.
"Purchaser"	has the meaning given to this term on page 172.

"Rating Agencies"	means Fitch and Moody's and "Rating Agency" means any one of them.
"Ratings Confirmation"	has the meaning given to this term on page 14.
"reacquire "	means, in relation to a Mortgage Loan and its Related Security comprised in the Originator Trust Property, agreement by the Issuer Beneficiary and the Originator Beneficiary pursuant to the Originator Trust Deed and Beneficiaries Deed that such Mortgage Loan together with its Related Security will no longer be held on trust in the Originator Trust Property (and the words "reacquired" and "reacquisition" shall be construed accordingly.
"Reacquisition Amount"	means, in relation to a reacquisition of a Mortgage Loan, an amount equal to Current Balance in relation to such Mortgage Loan at the close of business on the Business Day preceding the date of completion of such reacquisition plus reasonable fees and expenses payable thereon to the date of reacquisition.
"Realisation"	has the meaning given to this term in Condition 10 (<i>Limited Recourse</i>).
"Receiver"	means any receiver, manager, receiver or manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with Clause 17 (<i>Appointment of Receiver</i>) of the Deed of Charge.
"Reconciliation Amount"	means in respect of a Determination Period: (i) the actual Issuer Principal Receipts as determined in accordance with the available Mortgage Administrator Reports; less (ii) the Issuer Principal Receipts in respect of such Determination Period as determined in accordance with Condition 8.12(b)(iii) (<i>Determinations and Reconciliation</i>).
"Record Date"	has the meaning given to this term in Condition 11.3 (<i>Record Date</i>).
"Redemption Fee"	means the standard redemption fee charged to the Borrower by the Originator where the Borrower makes a repayment of the full outstanding principal of a Mortgage Loan.
"Reference Banks"	means the principal London office of four major banks in the London interbank market in each case, selected by the Agent Bank at the relevant time.
"Register"	means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar.
"Registrar"	means the party responsible for the registration of the Notes which at the Closing Date is Citibank, N.A., London Branch acting in such capacity pursuant to the Agency Agreement.
"Regulated Market"	means a market regulated for the purposes of the Markets in Financial Instruments Directive.
"Regulated Mortgage Contract"	means an agreement under FSMA where, at the time it is entered into on or after the Mortgage Regulation Date: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by a first legal

mortgage on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is 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 is a beneficiary of the trust, or by a related person.

"Regulation S" or "Reg S"	means Regulation S under the Securities Act.
"Related Security"	means, in relation to a Mortgage Loan, the security granted for the repayment of that Mortgage Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto.
"Relevant Margin"	means in respect of an Interest Period: <ul style="list-style-type: none">(a) for the Class A1 Notes, 1.80 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 3.60 per cent. per annum;(b) for the Class A2 Notes, 2.15 per cent. per annum for each Interest Period up to and excluding the Interest Period commencing on the Step-Up Date and thereafter 4.30 per cent. per annum; and(c) for the Class B Notes, 0.20 per cent. per annum for each Interest Period;
"Remaining Revenue Shortfall"	means for each Calculation Date, the extent, if any, by which Available Issuer Revenue (excluding for these purposes the amount referred to in paragraph (j) in the definition thereof) is insufficient to pay items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities in full.
"Repayment Loan"	has the meaning given to this term on page 75.
"Replacement Swap Premium"	means any amount to be paid by the Issuer to a replacement swap provider, or received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace the BBR Swap or the Fixed Rate Swap, as the case may be.
"Required Rating"	means: <ul style="list-style-type: none">(a) a short-term, unsecured, unguaranteed and unsubordinated debt obligations rating of at least F1 by Fitch and P-1 by Moody's; and(b) a long-term, unsecured and unsubordinated debt obligations rating of at least A by Fitch and not under "Rating Watch Negative" status by Fitch, or such other rating as is consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.
"Reserved Matter"	has the meaning given to this term in Condition 2.1.
"Revenue Ledger"	means the ledger in the books of the Issuer so named and

	maintained by the Cash Manager on behalf of the Issuer.
"Revenue Receipts"	has the meaning given to this term on page 119.
"Revenue Shortfall"	means for each Calculation Date, the extent, if any, by which Available Issuer Revenue (excluding for these purposes any amounts referred to paragraphs (i) and (j) in the definition thereof) is insufficient to pay items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities in full.
"Revenue Surplus"	means for each Calculation Date, the amount, if any, by which Available Issuer Revenue exceeds the aggregate amounts payable by the Issuer on the related Interest Payment Date: <ul style="list-style-type: none"> (a) if such Interest Payment Date is on or following the Step-Up Date, under items (a) to (j) (inclusive) of the Pre-Enforcement Revenue Payments Priorities; or (b) prior to the Step-Up Date, under items (a) to (l) (inclusive) of the Pre-Enforcement Revenue Payments Priorities.
"Revenue Surplus Ledger"	means the ledger maintained by the Cash Manager on behalf of the Issuer which records on it as a debit all Revenue Surplus equal to the Revenue Surplus Required Amount.
"Revenue Surplus Required Amount"	means: <ul style="list-style-type: none"> (a) for so long as the Class A Notes are outstanding on such date, the lower of (i) the Principal Amount Outstanding of the Class A Notes (taking into account any repayment of such Class A Notes on such date) and (ii) the Revenue Surplus; or (b) if no Class A Notes are outstanding on such date, zero.
"RTB Loan"	means a mortgage loan extended to a borrower in connection with the purchase by the borrower of a property from a local authority or certain other land, under the "right-to-buy" schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004).
"Secured Amounts"	means any and all of the monies and liabilities which the Issuer covenants to pay or discharge under the Deed of Charge and all other amounts owed by it to each of the Secured Creditors under and pursuant to the relevant Transaction Documents.
"Secured Creditors"	means the Trustee (in its own capacity and as trustee on behalf of the following creditors of the Issuer), the Corporate Services Provider, the GIC Provider, the Mortgage Administrator, the Back-Up Mortgage Administrator, the Back-Up Mortgage Administrator Facilitator, the Cash Manager, the Back-Up Cash Manager, the Originator, the Noteholders, any Receiver or Appointee appointed by the Trustee, the Agent Bank, the Paying Agents, the Transfer Agent, the Registrar, the BBR Swap Provider, the Fixed Rate Swap Provider and the Subordinated Loan Provider.
"Securities Act"	means the United States Securities Act of 1933, as amended.
"Security"	means the security granted by the Issuer to the Trustee under and pursuant to the Deed of Charge in favour of the Secured

	Creditors.
"Senior Expenses"	means expenses of the Issuer which rank at items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities or items (a) to (c) in the Post Enforcement Payments Priorities (as applicable).
"Set-Off Losses"	means any reduction in Principal Receipts as a result of Borrowers exercising set-off rights against the Originator.
"Share Trust Deed"	means the deed so named dated on or about the Closing Date and executed by the Share Trustee.
"Share Trustee"	means SFM Corporate Services Limited (registered number 3920255), a company incorporated under the laws of England and Wales, whose principal office is at 35 Great St. Helen's, London EC3A 6AP.
"Specified Office"	has the meaning given to this term in Clause 13.8 (<i>Changes in Specified Offices</i>) of the Agency Agreement.
"Stabilising Manager"	means Citigroup Global Markets Limited.
"Standard Documentation"	means the standard documentation, a list of which is set out in the Originator Trust Deed.
"Standard Variable Rate"	has the meaning given to this term on page 76.
"Step-Up Date"	means the Interest Payment Date falling in April 2017.
"Sterling" and "£"	denote the lawful currency for the time being of the of the United Kingdom of Great Britain and Northern Ireland.
"Stock Exchange"	means London Stock Exchange PLC.
"Subordinated Loan"	has the meaning given to this term on page 113.
"Subordinated Loan Agreement"	means the subordinated loan agreement so named dated on or about the Closing Date between the Issuer, the Subordinated Loan Provider and the Trustee.
"Subordinated Loan Provider"	means WBBS in its capacity as Subordinated Loan provider pursuant to the Subordinated Loan Agreement.
"Subscription Agreement"	means the agreement so named dated on or about 27 April 2012 between the Issuer, the Originator and the Joint Lead Managers.
"Swap Agreements"	means the BBR Swap Agreement and Fixed Rate Swap Agreement and " Swap Agreement " means any of them.
"Swap Collateral"	means any cash or securities transferred by a Swap Provider to the Issuer on any date pursuant to the terms of the relevant Credit Support Annex to the relevant Swap Agreement that has not been returned to the relevant Swap Provider pursuant to the terms of the relevant Swap Agreement.
"Swap Collateral Account"	means the account or accounts in the name of the Issuer so named and maintained by the Mortgage Administrator on behalf of the Issuer in which all Swap Collateral is held by the Issuer.
"Swap Early Termination Event"	has the meaning given to this term on page 115.

"Swap Excluded Payments"	means any payment by the Issuer to a Swap Provider relating to: (a) Swap Tax Credits; (b) payments due under the Credit Support Annex; or (c) termination payments to the extent such payment can be funded from Swap Excluded Receipts, in accordance with the relevant Swap Agreement.
"Swap Excluded Receipts"	means: <ul style="list-style-type: none"> (a) Swap Tax Credits; (b) Swap Collateral; (c) Replacement Swap Premium, to the extent required to make any payment due to a Swap Provider in respect of an Early Termination Date (as defined in the relevant Swap Agreement) designated under the relevant Swap Agreement; and (d) any payment received from a Swap Provider in respect of an Early Termination Date (as defined in the relevant Swap Agreement) designated under the relevant Swap Agreement (whether such payment is received by way of payment of cash or by applying Swap Collateral to discharge the early termination payment in respect of any Early Termination Date), to the extent such payment is required to pay a replacement swap provider to enter into a replacement swap.
"Swap Provider Downgrade Event"	means the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following the failure by a Swap Provider to take the required remedial action in accordance with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement.
"Swap Providers"	means the BBR Swap Provider and the Fixed Rate Swap Provider and "Swap Provider" means any of them.
" Swap Senior Amounts"	means all amounts payable to Swap Providers which rank at item (e) of the Pre-Enforcement Revenue Payments Priorities or item (d) in the Post Enforcement Payments Priorities (as applicable).
"Swap Subordinated Amount"	means any termination payment (other than Swap Excluded Payments) due to a Swap Provider which arises due to the termination of a Swap as a result of either: (i) an event of default where the relevant Swap Provider is the defaulting party; or (ii) a Swap Provider Downgrade Event.
"Swap Tax Credits"	means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by any Swap Provider to the Issuer or a reduced payment from the Issuer to the Swap Provider.
"Swap Transactions"	means a BBR Swap and a Fixed Rate Swap and "Swap Transaction" means any of them.
"Tax Deduction"	has the meaning set out in the Terms and Conditions.
"Third Party Amounts"	means, in relation to Revenue Receipts, amounts which properly belong to third parties such as (but not limited to):

- (a) payments of certain insurance premia where such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- (b) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account; and
- (c) 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 or the Originator.

"Tracker Rate Loan Balance" means, in respect of a Calculation Period, the aggregate adjusted Current Balance less Accrued Interest of all Discounted Tracker Rate Loans and Tracker Rate Loans (being the aggregate Current Balance of all Discounted Tracker Rate Loans and Tracker Rate Loans less the aggregate Current Balance of those Discounted Tracker Rate Loans and Tracker Rate Loans which are six Monthly Payments or more in arrears) on the last day of the Calculation Period immediately preceding of the relevant Calculation Period, as notified to the BBR Swap Provider by the Mortgage Administrator in accordance with the Mortgage Administration Agreement.

"Tracker Rate Loans" means loans which are subject to a variable interest rate which will be set at a fixed margin above or the same as the base rate set by the Bank of England.

"Transaction Documents" means the Agency Agreement, BBR Swap Agreement, Beneficiaries Deed, Cash Management Agreement, Back-Up Cash Management Agreement, Corporate Services Agreement, Collection Account Declaration of Trust, Deed of Charge, Fixed Rate Swap Agreement, GIC Account Agreement, Incorporated Terms Memorandum, Originator Trust Deed, Originator Power of Attorney, Mortgage Administration Agreement, the Back-Up Mortgage Administration Agreement, the Share Trust Deed, Subordinated Loan Agreement, Trust Deed (including the Conditions), and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes or are designated as a **"Transaction Document"**.

"Transaction Party" means any person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them.

"Transfer Agent" means Citibank, N.A., London Branch acting as transfer agent pursuant to the Agency Agreement.

"Treaty" means the treaty establishing the European Community, as amended.

"Trust Deed" means the deed so named (including the Conditions and the Notes) dated on or about the Closing Date between the Issuer and the Trustee constituting the Notes, and any document expressed to be supplemental to the Trust Deed.

"Trust Documents" means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Trust Deed or

	the Deed of Charge (as applicable).
"Trustee"	means Citicorp Trustee Company Limited, acting through its principal office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and acting in its capacity as Trustee under the terms of the Trust Documents, or such other person as may from time to time be appointed as Trustee (or co-trustee) pursuant to the Trust Documents.
"TSC Regulations"	means the Taxation of Securitisation Companies Regulations 2006.
"UCITS"	means Directive 2009/65/EC.
"Underpayment"	means, in respect of a payment by a Borrower in an amount less than the scheduled Monthly Payment then due on the Mortgage Loan, the amount by which the Scheduled Monthly Payment then due on the Mortgage Loan exceeds the payment actually made.
"Unfair Practices Directive"	means Directive 2005/29/EC on unfair business-to-consumer commercial practices adopted by the European Parliament and Council on 11 May 2005.
"United Kingdom" or "UK"	means the United Kingdom of Great Britain and Northern Ireland.
"U.S. Persons"	means U.S. Persons as defined in Regulation S under the Securities Act.
"UTCCR"	shall have the meaning given to this term on page 25.
"Valuation Report"	means the valuation report or reports for mortgage purposes, obtained by the Originator from a valuer in respect of each Mortgaged Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Originator.
"VAT"	means value added tax imposed by VATA and legislation and regulations supplemental thereto and includes any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to value added tax) or elsewhere from time to time.
"VATA"	means the Value Added Tax Act 1994.
"WBBS"	means West Bromwich Building Society, a building society incorporated under the Building Societies Act 1986 whose principal office is at 374 High Street, West Bromwich, West Midlands B70 8LR.
"Written Resolution"	means a resolution in writing signed by or on behalf of holders of not less than 100% of the Principal Amount Outstanding of Notes of the relevant class (or sub-class) for the time being outstanding, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

INDEX OF DEFINED TERMS

£ vi, 148, 195	
Accrued Interest	132, 176
Additional Interest.....	132, 155, 176
Agency Agreement.....	132, 176
Agent	132, 176
Agent Bank.....	132, 176
Agents.....	132, 176
AMS	102
Ancillary Rights	176
Appointee	176
Arranger	176
Arrears of Interest.....	132, 176
Article 122a	65
Authorised Denomination	128
Authorised Investments	176
Authorities	29
Available Issuer Principal.....	49, 124, 133, 177
Available Issuer Revenue	48, 119, 133, 177
Average Fixed Rate Loan Balance	182
Back-Up Cash Management Agreement	134, 177
Back-Up Cash Manager	134, 177
Back-Up Mortgage Administration Agreement	134, 177
Back-Up Mortgage Administrator.....	134, 177
Back-Up Mortgage Administrator Facilitator	134, 177
Banking Act.....	29, 177
Basel Committee	27, 177
Basel II Framework	27, 177
BBA.....	177
BBR Rate Swap.....	134
BBR Swap.....	177
BBR Swap Agreement	134, 177
BBR Swap Provider	134, 177
Beneficiaries Deed	134, 178
Benefit	178
Benefit Plan Issuer.....	173
Board	74
Book-Entry Interests.....	128, 178
Borrower.....	134, 178
Breach of Duty	135
Business Day	135, 178
Calculation Date	135, 179
Calculation Period	135, 179
Call Option	179
Capitalised Arrears	135, 179
Capitalised Interest	135, 179
Cash Management Agreement	135, 179
Cash Manager.....	135, 179
CCA.....	23, 179
Charged Property.....	135, 179
class	41, 150, 179
Class	150, 179
Class A Noteholders	135, 179
Class A Notes	132, 180
Class A Principal Deficiency Sub-Ledger... ..	135, 180
Class A1 Noteholders	180
Class A2 Noteholders	180
Class B Noteholders.....	135, 180
Class B Notes.....	132, 180
Class B Principal Deficiency Sub-Ledger....	135, 180
classes	150
Clause	151
Clearstream, Luxembourg.....	135, 180
Closing Date	ii, 135, 180
Code.....	173
Collection Account	180
Collection Account Bank	180
Collection Account Declaration of Trust55, 135, 180	
Collection Accounts.....	180
Common Depository	180
Conditions.....	136, 180
continuing	150
Converted Loan.....	103
Converted Loan Conditions	103
Corporate Services Agreement	136, 180
Corporate Services Provider	136, 180
CPR.....	66
CPUTRs	25, 181
CRA Regulation.....	ii, 181
CRD	181
CRD IV	27
CRD2	iii
Credit Support Annex	117
Credit Support Annex	136
Credit Support Annex	181
Current Balance	136, 181
Cut-off Date	56, 88
Day Count Fraction.....	136
Deed of Charge	136, 181
Deferred Consideration	181
Deferred Interest	136, 155
Definitive Notes	130, 136, 151, 181
determination date.....	132, 176, 181
Determination Period	155
Discounted Tracker Rate Loan	76
Discounted Variable Rate Loan	76
Early Repayment Charges.....	136, 181
Enforcement Notice	136, 182
ERISA.....	173
ESMA	ii
Euroclear.....	136, 182
Event of Default.....	136, 161, 182
Exchange Date	137
Extraordinary Resolution	137, 182
FATCA	31
FATCA withholding	161
FCA.....	26
Final Discharge Date.....	137
Final Maturity Date.....	137, 182
Financial Assistance Order	29
Financial Ombudsman Service	182

First Interest Payment Date	137, 182
Fitch.....	ii, 137
Fixed Rate Loan	76
Fixed Rate Loans.....	182
Fixed Rate Provider.....	137
Fixed Rate Swap.....	137, 182
Fixed Rate Swap Agreement.....	137, 182
Fixed Rate Swap Provider.....	182
FSA	iii, 182
FSMA.....	18, 182
Further Advance	137, 182
GBP	vi
General Reserve Fund	137, 183
General Reserve Fund Required Amount....	137, 183
General Reserve Ledger	183
GIC Account	137, 183
GIC Account Agreement.....	137, 183
GIC Provider	183
GIC Provider	137
Global Note	151
Global Notes.....	137
Group.....	183
HMRC	183
holder.....	137, 183
holders	137, 183
Holdings	137, 183
Housing Indices	96, 183
ICSDs	183
in arrears.....	183
In Arrears.....	183
including.....	150
including without limitation	150
Incorporated Terms Memorandum.....	137, 183
indebtedness	150
Indirect Participants.....	128
Industry PPR	95, 183
Initial Advance	138, 183
Initial Consideration	184
Insolvency Act.....	138, 184
Insolvency Event	138, 184
Insolvency Official	138, 185
Insurance Policies.....	185
Interest Amount.....	139, 185
Interest Determination Date	139, 186
Interest Determination Ratio	139
Interest Payment Date	139, 186
Interest Period	139, 186
Interest-only Loan	75
Interest-only Loans.....	186
Investment Company Act.....	173
<i>IRS</i>	31
Issuer	132, 186
Issuer Accounts	186
Issuer Covenants.....	139
Issuer Interest	82, 139, 142, 186
Issuer Jurisdiction.....	139
Issuer Principal Amount	186
Issuer Principal Losses	186
Issuer Principal Receipts	124, 139, 186
Issuer Profit Amount.....	139, 186
Issuer Profit Ledger.....	139, 186
Issuer Revenue	119, 139, 187
Joint Lead Managers	139, 187
law.....	150
LBSF.....	11
Lending Criteria	187
Liabilities	140, 187
LIBOR	187
Liquidity Coverage Ratio.....	27
Loan Conditions.....	188
Loan Files	187
loan-to-value ratio.....	140, 187
London Stock Exchange	187
LTV.....	140, 187
LTV Ratio	140, 187
Markets in Financial Instruments Directive....	iii, 187
Maturity Date.....	187
MCOB.....	22, 187
Meeting	140, 187
Member State.....	vi
Minimum Amount	140, 187
Minimum Denomination.....	140
Monthly Investor Report.....	187
Monthly Payment.....	187
Monthly Payment Date	187
Moody's.....	ii, 140, 188
Mortgage.....	140, 188
Mortgage Administration Agreement ..	140, 188
Mortgage Administration Services	188
Mortgage Administrator.....	140, 188
Mortgage Administrator Delegation Event...	188
Mortgage Administrator Failure Reserve Fund	188
Mortgage Administrator Failure Reserve Ledger	140
Mortgage Administrator Failure Reserve Ledger	188
Mortgage Administrator Report.....	140, 188
Mortgage Administrator Report Failure Event	140, 188
Mortgage Administrator Termination Event.	105
Mortgage Conditions	140, 188
Mortgage Deed	188
Mortgage Loan.....	140, 188
Mortgage Portfolio.....	ii, 140, 189
Mortgage Regulation Date.....	21
Mortgage Terms.....	141, 189
Mortgaged Properties.....	141, 189
Mortgaged Property	141, 189
Mortgages	140, 188
Most Senior Class	141, 189
Net Revenue.....	119, 141
Net Stable Funding Ratio.....	27, 189
Note.....	189
Note Principal Payment	141
Note Rate	141
Noteholder	151
Noteholders.....	141, 189

Notes	ii, 132, 142, 151, 189	Property.....	191
Notices Condition.....	142	Prospectus	iii, 191
Notices Details	142	Prospectus Directive	iii, 191
Offer Conditions.....	142, 189	Provisional Mortgage Portfolio.....	56, 191
Official List	iii, 189	Provisions for Meetings of Noteholders	144, 163, 191
OFT	189	Prudent Mortgage Lender	144, 191
Ombudsman	189	Purchaser.....	172, 191
Originator	142, 189	Rated Notes.....	115
Originator Asset Warranties	189	rating	14
Originator Beneficiary.....	189	Rating Agencies	144, 192
Originator Interest	82, 189	Rating Agency	144, 192
Originator Power of Attorney.....	86, 142, 190	ratings	14
Originator Trust.....	142	Ratings Confirmation.....	14, 192
Originator Trust Beneficiaries.....	190	reacquire	192
Originator Trust Beneficiary	190	Reacquisition Amount	85, 144, 192
Originator Trust Deed	142, 190	Realisation	9, 159, 192
Originator Trust Property	82, 142, 190	Receiver	145, 192
Originator Trustee	142, 190	Reconciliation Amount	145, 192
outstanding	142	Record Date	129, 145, 160, 192
Outstanding	190	redeem.....	150
Overpayment	143, 190	redeemable	150
Overpayments.....	77	redeemed.....	150
paid	150	redemption	150
Paragraph.....	151	Redemption Fee	145, 192
Part	151	Reference Banks	145, 192
Participants	128, 190	Reference Rate.....	145
pay	150	Reg S.....	193
payable	150	Register	145, 192
Paying Agents	143, 190	Registrar.....	145, 192
payment	150	Regulated Market.....	iii, 192
Payment Holiday	143, 190	Regulated Mortgage Contract	192
Payments Priorities.....	125, 143, 190	Regulation S.....	151, 193
person	150	related Calculation Date.....	135, 179, 186
Pool Factor	158	related Calculation Period.....	179
Pool Selection Date	56	related Interest Determination Date	139
Post Enforcement Issuer Amounts	125, 143, 190	Related Security	145, 193
Post Enforcement Payments Priorities	125, 143, 190	Relevant Class of Notes	143
Potential Event of Default	143, 190	relevant entity	29
Pounds	vi	Relevant Entity	vii
Power of Attorney Event	190	Relevant Information	vii
PPI.....	190	Relevant Margin	145, 193
PRA	26	Relevant Period.....	145
Pre Enforcement Payments Priorities ...	143, 190	Relevant Persons.....	143
Pre Enforcement Principal Payments Priorities	124, 143, 191	Relevant Screen	146
Pre Enforcement Revenue Payments Priorities	121, 143, 190	Remaining Revenue Shortfall	53, 146, 193
Pre-Action Protocol.....	24	Repayment Loan.....	75, 193
principal.....	150	Replacement Collection Account.....	105
Principal Amount Outstanding	144, 191	Replacement Swap Premium	146, 193
Principal Deficiency Ledger.....	144, 191	Repossession Act 2010	24
Principal Ledger	144, 191	Representative Amount.....	146
Principal Losses.....	57, 144, 191	Required Rating	193
Principal Paying Agent.....	144, 191	Reserve Reference Rate	146
Principal Receipts.....	123, 144, 191	Reserved Matter	146, 193
Product Period	76	Revenue Ledger	146, 193
Product Switch	78	Revenue Receipts.....	119, 146, 194
Product Switch Conditions.....	191	Revenue Shortfall	53, 147, 194
Product Switches	191	Revenue Surplus	147, 194
		Revenue Surplus Ledger	147, 194
		Revenue Surplus Required Amount.....	147, 194

Right.....	178	Swap Provider.....	196
Risk Factors.....	iv	Swap Provider Downgrade Event.....	196
Rounded Arithmetic Mean.....	147	Swap Providers.....	149, 196
RTB Loan.....	194	Swap Senior Amounts.....	196
Schedule.....	151	Swap Subordinated Amount.....	196
Screen.....	147	Swap Tax Credits.....	149, 196
Section.....	151	Swap Transaction.....	196
Secured Amounts.....	148, 194	Swap Transactions.....	196
Secured Creditors.....	148, 194	Tax.....	149
Securities Act.....	i, 151, 173, 194	Tax Authority.....	149
Securities Lending Transaction.....	iii	Tax Deduction.....	149, 196
Security.....	148, 194	taxable.....	149
Senior Expenses.....	195	taxation.....	149
Set-Off Losses.....	195	Taxes.....	149
Share Trust Deed.....	148, 195	The Originator Trust.....	8
Share Trustee.....	71, 148, 195	Third Party Amounts.....	119, 141, 196
Special Rate Loans.....	76	Title Deeds Holder.....	103
Specified Office.....	148, 195	Tracker Rate Loan.....	76
SPV Criteria.....	148	Tracker Rate Loan Balance.....	197
SRR.....	29	Tracker Rate Loans.....	197
Stabilising Manager.....	viii	Transaction Document.....	149, 197
Stabilising Manager(s).....	195	Transaction Documents.....	149, 197
Standard Documentation.....	195	Transaction Parties.....	197
Standard Variable Rate.....	76, 195	Transaction Party.....	149, 150, 197
Step-Up Date.....	148, 195	Transfer Agent.....	149, 197
Sterling.....	vi, 148, 195	Treaty.....	197
Sterling Screen Rate.....	148	Trust Deed.....	149, 197
Stock Exchange.....	148, 195	Trust Documents.....	149, 197
sub-accounts.....	88	Trustee.....	149, 198
sub-class.....	41	TSC Regulations.....	30, 198
sub-classes.....	150	U.S. Persons.....	198
Subordinated Loan.....	113, 148, 195	UCITS.....	198
Subordinated Loan Agreement.....	148, 195	Underpayment.....	198
Subordinated Loan Provider.....	148, 195	Underpayments.....	77
Subscription Agreement.....	170, 195	Unfair Practices Directive.....	25, 198
Substituted Obligor.....	148	United Kingdom.....	198
successor.....	150	UTCCR.....	25, 198
Swap Agreement.....	195	Valuation Report.....	150, 198
Swap Agreements.....	148, 195	Variable Rate Loan.....	76
Swap Collateral.....	148, 195	VAT.....	198
Swap Collateral Account.....	195	VATA.....	198
Swap Early Termination Event.....	115, 195	WBBS.....	150, 198
Swap Excluded Payments.....	196	Written Resolution.....	150, 198
Swap Excluded Receipts.....	127, 148, 196		

ISSUER

Kenrick No.1 plc
35 Great St Helen's
London EC3A 6AP

**ORIGINATOR, ORIGINATOR TRUSTEE, ORIGINATOR BENEFICIARY, MORTGAGE
ADMINISTRATOR, CASH MANAGER, SUBORDINATED LOAN PROVIDER AND NOTE
PURCHASER**

West Bromwich Building Society
374 High Street
West Bromwich
West Midlands B70 8LR

ARRANGER AND JOINT LEAD MANAGER

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

JOINT LEAD MANAGERS

Barclays Bank PLC
5 North Colonnade
Canary Wharf
London E14 4BB

J.P. Morgan Securities Ltd.
125 London Wall
London
EC2Y 5AJ

**AGENT BANK, PRINCIPAL PAYING
AGENT AND REGISTRAR**

Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

**LEGAL ADVISOR TO THE ARRANGER
AND JOINT LEAD MANAGERS**

as to English Law
Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

**LEGAL ADVISOR TO THE ISSUER,
ORIGINATOR AND THE MORTGAGE
ADMINISTRATOR**

as to English Law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

LEGAL ADVISOR TO THE TRUSTEE

as to English Law
Simmons & Simmons LLP
CityPoint
One Ropemaker Street
London EC2Y 9SS

**LEGAL ADVISOR TO THE BACK-UP
MORTGAGE ADMINISTRATOR**

as to English Law
Shearman & Sterling (London) LLP
Broadgate West
9 Appold Street
London EC2A 2AP

AUDITORS OF THE ISSUER

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH