

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES.**

**IMPORTANT: You must read the following before continuing.** The following disclaimer applies to the final terms (the "**Final Terms**") following this page, and you are advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Final Terms. In accessing the attached Final Terms, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access.

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THE FOLLOWING FINAL TERMS AND ITS CONTENTS ARE CONFIDENTIAL AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS PROHIBITED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

**Confirmation of your Representation:** You have been sent these Final Terms on the basis that you have confirmed to Barclays Bank PLC, (the "**Lead Manager**") that (i) you and any customers that you represent are outside of the United States; (ii) the electronic mail (e-mail) address to which these Final Terms have been delivered is not located in the United States of America, its territories and possessions, any state of the United States or the District of Columbia (where "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) you consent to delivery of these Final Terms and any amendments or supplements thereto by electronic transmission.

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 underwriter or any affiliate of the relevant dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant dealer or such affiliate on behalf of Lannraig Master Issuer plc (the "**Issuer**") in such jurisdiction.

You are reminded that these Final Terms have been delivered to you on the basis that you are a person into whose possession these Final Terms 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 these Final Terms to any other person.

These Final Terms have been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently, none of the Issuer, Barclays Bank PLC (the "**Arranger**"), the Lead Manager or any person who controls them or any of their directors, officers, employees or agents, or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between these Final Terms distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the relevant dealer.

**In the United Kingdom, these Final Terms are being communicated only to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order (all such persons together being referred to as "relevant persons"). These Final Terms must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Final Terms relate is available only to relevant persons and will be engaged in only with relevant persons.**

## FINAL TERMS

21 November 2012

### Lannraig Master Issuer plc

(Incorporated with limited liability in England and Wales, registered number 7454283)

#### Issue of series 2012-1 notes under its £10 billion residential buy-to-let mortgage backed note programme

The series 2012-1 notes will comprise the following classes of notes:

| Initial principal amount | class | Final maturity | Issue price | Ratings  |        |
|--------------------------|-------|----------------|-------------|----------|--------|
|                          |       |                |             | Moody's  | Fitch  |
| £715,000,000             | A     | December 2061  | 100%        | Aaa (sf) | AAA sf |
| £55,000,000              | Z     | December 2061  | 100%        | NR       | NR     |

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the notes set forth in the base prospectus dated 19 November 2012 (the "**base prospectus**") which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). This document constitutes the final terms of the notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus. Full information on the issuer and the offer of the notes is only available on the basis of the combination of these final terms and the base prospectus. The base prospectus is available for viewing at the offices of the paying agent at Citigroup Centre, Canada Square, Canary Wharf, London EC14 5LB and copies are available at the registered address of the issuer at 35 Great St.Helen's, London EC3A 6AP or at [www.sfmeurope.com](http://www.sfmeurope.com). This final terms may be used to offer and sell the series 2012-1 notes only if accompanied by the base prospectus.

The series 2012-1 notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or any other relevant jurisdiction. The series 2012-1 notes are being offered solely (i) outside the United States to non-U.S. persons in offshore transactions (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Regulation S and (ii) within the United States in reliance on Rule 144A under the Securities Act ("**Rule 144A**") to persons who are "**qualified institutional buyers**" as defined in Rule 144A ("**QIBs**").

The series 2012-1 notes may not be reoffered, resold, pledged, exchanged or otherwise transferred except in transactions exempt from or not subject to the registration requirements of the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction. By its purchase of a series 2012-1 note, each purchaser will be deemed to have (1) represented and warranted that (i) it is a QIB acting for its own account or the account of another QIB, or (ii) it is a non-US person located outside the United States and (2) agreed that it will only sell such series 2012-1 note in accordance with the applicable restrictions set forth herein and/or in the base prospectus. See "*Subscription and sale*" in the base prospectus.

The series 2012-1 notes have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or any other United States regulatory authority, nor have any of the foregoing authorities passed upon the accuracy or adequacy of this final terms or the base prospectus. Any representation to the contrary is a criminal offence.

You should read this final terms and the base prospectus carefully before you invest. A note is not a deposit and neither the series 2012-1 notes nor the BTL loans in the loan portfolio are insured or guaranteed by Clydesdale Bank PLC or by any United Kingdom or United States governmental agency. The series 2012-1 notes will be obligations solely of the issuer and will not be guaranteed by, or be the responsibility of, any other entity. The issuer will seek to satisfy its obligations under the series 2012-1 notes from its assets.

**PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE ISSUER AND ANY SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.**

See the section headed "*Notices to Investors*" beginning on page 7 of the base prospectus for additional information concerning the subscription and sale of the series 2012-1 notes.

Please consider carefully the risk factors beginning on page 18 of the base prospectus before you purchase any notes.

**Arranger for the programme**

**Barclays**

The following are the specific terms and conditions relating to the series 2012-1 notes and form part of the terms and conditions of the notes as applied to the series 2012-1 notes (and solely with respect to the series 2012-1 notes) by the issuer trust deed and constitute the final terms of the series 2012-1 notes for the purposes of Article 5.4 of the Prospectus Directive.

1. **Issue of the notes**

(a) **Issuer**

Lannraig Master Issuer plc

(b) **Series**

Series 2012-1

(c) **Closing date**

22 November 2012

(d) **Initial principal amount**

| Notes   | Initial principal amount |
|---|--------------------------|
| Series 2012-1 Class A notes due December 2061 | £715,000,000             |
| Series 2012-1 Class Z notes due December 2061 | £55,000,000              |

(e) **Issue price**

100% of the initial principal amount in relation to each class of notes in the series 2012-1 notes.

(f) **Ratings**

| Notes   | Ratings |          |
|---|---------|----------|
|   | Fitch   | Moody's  |
| Series 2012-1 Class A notes due December 2061 | AAA sf  | Aaa (sf) |
| Series 2012-1 Class Z notes due December 2061 | NR      | NR       |

(g) **Selling restrictions**

The notes may be offered and sold only in compliance with applicable laws and regulations. See "*Transfer Restrictions*" in the base prospectus.

2. **Form and holding of the notes**

(a) **Reg S notes and Rule 144A notes**

All of the series 2012-1 notes are Reg S notes

Reg S global note certificates are registered in the name of a nominee for Euroclear and Clearstream Luxembourg.

(b) **Specified currency**

Sterling

(c) **Specified denominations**

£100,000 and integral multiples of £1,000 in excess thereof

(d) **Additional Business Centre(s)**

None

(e) **Any clearing system(s) other than DTC, Euroclear, or Clearstream, Luxembourg**

None

(f) **Additional Paying Agent(s)**

None

(g) **Delivery**

Delivery free of payment

(h) **Clearing System Codes**

| <u>Notes</u>                                  | <u>CUSIP number</u> | <u>Common code</u> | <u>ISIN</u>  | <u>other</u> |
|---|---------------------|--------------------|--------------|--------------|
| Series 2012-1 class A notes due December 2061 | N/A                 | 085786954          | XS0857869548 | N/A          |
| Series 2012-1 class Z notes due December 2061 | N/A                 | 085786997          | XS0857869977 | N/A          |

(i) **Listing and Trading**

Listing on the official list of the UK Listing Authority and admission to trading on the London Stock Exchange's regulated market

(j) **Estimate of total expenses related to admission to trading**

£5,280

3. **Interest on the notes**

(a) **Interest commencement date**

22 November 2012

(b) **Fixed rate note provisions**

Not applicable

(c) **Floating rate note provisions**

The floating rate note provisions are applicable to each class of notes in the series 2012-1 notes

(i) **Note payment dates**

For each class of notes in the series 2012-1 notes, the monthly payment date falling in February, May, August and November in each year up to and including the final maturity date or, following the earlier to occur of the step-down date (if any) for such notes and a pass-through trigger event, each monthly payment date up to and including the final maturity date. The first note payment date in respect of each class of notes in the series 2012-1 notes will be the note payment date falling in February 2013.

(ii) **Business day convention**

For each class of notes in the series 2012-1 notes, following business day convention

(iii) **Screen rate determination**

The screen rate determination provisions are applicable to each class of notes in the series 2012-1 notes

(A) **Reference rate**

For each interest period for each class of notes in the series 2012-1 notes, three-month sterling LIBOR and for each interest period following the earlier to occur of the step-down date (if any) and a pass-through trigger event, one-month sterling LIBOR

(B) **Interest determination date(s)**

The first day of each floating interest period

(C) **Relevant screen page**

Reuters Screen LIBOR 01 Page

(iv) **ISDA determination**

Not applicable

(v) **Margin(s)**

| <u>Notes</u>                | <u>Margin for each floating interest period up to (but excluding) the step-down date</u> | <u>Margin for each floating interest period from (and including) the step-down date</u> |
|-----------------------------|--|---|
| Series 2012-1 class A notes | 1.00%  | 0.85%   |
| Series 2012-1 class Z notes | 0.90%  | 0.90%   |

(vi) **Step-down date**

| <u>Notes</u>                            | <u>Step-down date – the note payment date falling in</u> |
|---|--|
| Series 2012-1 class A and class Z notes | November 2018  |

(vii) **Maximum rate of interest and minimum rate of interest**

Not applicable

(viii) **Day count fraction**

Actual/365

(ix) **Party responsible for calculating the rate of interest and interest amount (if not the agent bank)**

Not applicable

4. **Repayment of the notes**

(a) **Type of note**

The series 2012-1 class A notes are controlled amortisation notes and the Series 2012-1 Class Z notes are pass-through notes

(b) **Details relating to bullet notes**

Not applicable

(c) **Details relating to controlled amortisation notes**

Applicable

| <u>Controlled amortisation dates the<br/>note payment date falling in</u> | <u>Target balance (£)</u> |
|---|---------------------------|
| November 2018   | 0                         |

(d) **Details relating to pass-through notes**

Applicable

The series 2012-1 class Z notes will become due on the note payment date falling in November 2018 and on each note payment date thereafter

(e) **Redenomination**

For each class of notes in the series 2012-1 notes, redenomination applicable

5. **Money market notes**

(a) **Money market note mandatory transfer arrangements**

Not applicable

(b) **Name of remarketing agent**

Not applicable

(c) **Name of conditional note purchaser**

Not applicable

(d) **Money market note mandatory transfer dates**

Not applicable

(e) **Maximum reset margin**

Not applicable

6. **Maturity purchase notes**

(a) **Maturity purchase note mandatory transfer arrangements**

Applicable

(b) **Expected maturity date**

Note payment date falling in November 2018

(c) **Scheduled transfer date**

14 December 2018

(d) **Loss calculation date**

The third business day after the expected maturity date

(e) **Maturity purchaser**

Clydesdale Bank PLC

7. **Required subordinated percentage and reserves**

(a) **Required subordinated percentage**

| <u>Notes</u>  | <u>Required subordinated percentage</u> |
|---------------|---|
| class A notes | 15.35%                                  |

(b) **Target reserve required amount**

£24,300,000

(c) **Issuer reserve minimum amount percentage**

0%

(d) **Programme reserve required percentage**

1.57%

(e) **Arrears or step-down trigger event**

(i) Item (i) funding reserve fund increased amount £6,075,000

(ii) Item (ii) funding reserve fund increased amount £6,075,000

(iii) Item (i) and (ii) funding reserve fund increased amount £12,150,000

8. **Specified currency exchange rate of the issuer swaps relating to the notes**

Not applicable

9. **Rating Agencies**

The notes to be issued have been rated as set out under 1(f) above by Moody's Investor Services Limited and Fitch Ratings Ltd.



### Loan tranche information

On the closing date for the series 2012-1 notes, the issuer will, pursuant to the terms of the global intercompany loan agreement, advance to funding an aggregate amount in sterling equal to the proceeds of the issue of the series 2012-1 notes.

The advance will be made up of separate loan tranches, each loan tranche will be funded by a separate class or sub-class of notes in the series 2012-1 notes and will be identified by reference to that class or sub-class of notes.

The loan tranches to be funded by the series 2012-1 notes are as follows:

| <u>Loan tranches</u> | <u>Initial principal amount</u> | <u>Notes that will fund the loan tranche</u> |
|----------------------|---------------------------------|--|
| AAA Loan Tranche     | £715,000,000                    | Series 2012-1 class A notes                  |
| Z Loan Tranche       | £55,000,000                     | Series 2012-1 class Z notes                  |

The following are certain other terms and conditions of the loan tranches that will be funded by the series 2012-1 notes.

(a) **Closing date**

22 November 2012

(b) **Interest commencement date**

22 November 2012

(c) **Step-down date and final maturity date**

| <u>Loan Tranches</u> | <u>Step-down date – the<br/>note payment date falling<br/>in</u> | <u>Final maturity date – the<br/>note payment date falling in</u> |
|----------------------|--|---|
| AAA and Z            | November 2018  | December 2061   |

(d) **Loan payment dates**

For all loan tranches to be funded by the series 2012-1 notes, the monthly payment date falling in February, May, August and November in each year up to and including the final maturity date

**Remarketing agents and conditional note purchasers**

None

**Maturity purchaser**

Clydesdale Bank PLC

### **Start-Up Loan**

The start-up loan provider for the start-up loan to be made to the issuer on the closing date specified herein will be Clydesdale Bank PLC.

The initial principal amount of such start-up loan will be £1,000,000.

The interest rate for such start-up loan will be three-month LIBOR + 0.90%.

### **Funding Subordinated Loan**

The Funding subordinated loan provider for the start-up loan to be made to Funding on the closing date specified herein will be Clydesdale Bank PLC.

The initial principal amount of such Funding subordinated loan will be £19,085,715.

The interest rate for such Funding subordinated loan will be three-month LIBOR + 0.90%.

### **Other series of notes issued**

As of the closing date specified herein, the aggregate principal amount outstanding of notes issued by the issuer (converted, where applicable, into sterling at the applicable specified currency exchange rate), including the notes described herein, will be:

|               |                   |
|---------------|-------------------|
| Class A notes | £1,338,528,800.00 |
| Class Z notes | £214,000,000.00   |

### **Other loan tranches**

As of the closing date specified herein, the aggregate principal amount outstanding of loan tranches advanced by the issuer to funding pursuant to the terms of the global intercompany loan agreement, including the loan tranches described herein, will be:

|     |                   |
|-----|-------------------|
| AAA | £1,338,528,800.00 |
| Z   | £214,000,000.00   |

### **Mortgage sale representation date**

*Not applicable*

### **BTL loan final maturity date**

*Not applicable*

### **Interest only BTL loan amount**

*Not applicable*

### Maturity and repayment considerations

The average lives of each class of the series 2012-1 notes cannot be stated because the actual rate of repayment of the BTL loans and redemption of the mortgages and a number of other relevant factors are unknown. Calculations of the possible average lives of each class of the series 2012-1 notes can be made, however, based on certain assumptions. The assumptions used to calculate the possible average lives of each class of the series 2012-1 notes in the following table include that:

- (a) neither the issuer security nor the Funding security is enforced;
- (b) the aggregate current balance of BTL loans in the mortgages trust will not fall below an amount equal to the product of 1.05 and the principal amount outstanding of all notes of the issuer at any time;
- (c) no asset trigger event or non-asset trigger event occurs;
- (d) no event occurs that would cause payments on each class of the series 2012-1 notes to be deferred;
- (e) the issuer exercises its option to redeem each class of the series 2012-1 notes on the step-down date, if any, relating to such notes;
- (f) the series 2012-1 notes are issued on the closing date specified herein;
- (g) each payment made by the issuer to the noteholders is paid on the 19th day of the relevant month in which such payment is payable, regardless of whether such date is a business day;
- (h) no interest or fees are paid from mortgages trustee available principal receipts, funding available principal receipts or issuer available principal receipts;
- (i) the BTL loans are not subject to any defaults or losses, and no BTL loan falls into arrears;
- (j) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of the seller continue to be rated at least "A2" by Moody's and "A" by Fitch; and
- (k) no further series of notes are issued after the closing date specified herein.

Assumptions (e) and (f) reflect the issuer's current expectations, although no assurance can be given that repayment of the notes will occur as described. Assumptions (a) through (d) and (h) through (k) relate to unpredictable circumstances.

Based upon the foregoing assumptions, the approximate average lives of the series 2012-1 notes, at various constant payment rates for the BTL loans, would be as follows:

| Constant payment rate (% per annum) | Possible average life of the series 2012-1 class<br>A notes (in years) |
|-------------------------------------|--|
| 5%                                  | 5.99   |
| 10%                                 | 5.99   |
| 15%                                 | 5.99   |
| 20%                                 | 5.99   |
| 25%                                 | 5.99   |
| 30%                                 | 5.99   |
| 35%                                 | 5.99   |

The average lives of each class of the series 2012-1 notes are subject to factors largely outside the control of the issuer and consequently no assurance can be given that these assumptions and estimates are realistic and they must therefore be viewed with considerable caution. For more information relating to the risks involved in the use of these estimated average lives, see "*Risk factors – The yield to maturity of the notes may be adversely affected by prepayments or redemptions on the BTL loans or repurchases on the BTL loans or repurchases of BTL loans by the seller*" in the base prospectus.

## The cut-off date loan portfolio

The statistical and other information contained in these final terms has been compiled by reference to the BTL loans in the cut-off date loan portfolio as of 31 July 2012 (the "**cut-off date**"). The cut-off date loan portfolio comprised an aggregate current principal balance of £1,821,731,715.68. The BTL loans in the cut-off date loan portfolio were originated between 23 August 2001 and 24 July 2012.

A BTL loan included in the cut-off date loan portfolio (and which has not been assigned to the mortgages trustee pursuant to the terms of the mortgage sale agreement) will not be so assigned to the mortgages trustee if, in the period up to (and including) the applicable assignment date, it is repaid in full or if it does not comply with the terms of the mortgage sale agreement on or about the applicable assignment date.

In addition to the BTL loans assigned from the cut-off date loan portfolio, the seller may assign to the mortgages trustee on an assignment date other BTL loans. No such BTL loan will be so assigned to the mortgages trustee if it does not comply with the terms of the mortgage sale agreement on or about the applicable assignment date. These BTL loans have not been included in the statistical and other information contained in these final terms relating to the cut-off date loan portfolio. The statistical and other information contained in these final terms relating to the cut-off date portfolio is therefore merely representative of the BTL loans to be assigned to the mortgages trustee as at the cut-off date.

Unless indicated otherwise, the following description relates to types of BTL loans that could be included in the loan portfolio as of the cut-off date or on any subsequent date.

The borrowers in respect of 100% of the aggregate current principal balance of the BTL loans in the cut-off date loan portfolio as of 31 July 2012 have agreed to have their scheduled mortgage payments to the originators directly debited from their bank accounts.

30.35% of the aggregate current principal balance of the BTL loans in the cut-off date loan portfolio as of the cut-off date were fixed rate BTL loans. The remaining 69.65% of the aggregate current principal balance of the BTL loans in the cut-off date loan portfolio as of the cut-off date were standard variable rate BTL loans, variable rate BTL loans, capped rate BTL loans, discount rate BTL loans or tracker rate BTL loans, as described below.

A small proportion of BTL loans (approximately 0.035% of the aggregate current principal balance of the BTL loans to be assigned to the mortgages trustee on or before the cut-off date) are BTL loans extended to the relevant borrowers in connection with the purchase by those borrowers of properties from local authorities or certain other landlords under the right-to-buy schemes governed by the Housing Act 1985 (as amended by the Housing Act 2004) or (as applicable) the Housing (Scotland) Act 1987 (as amended).

As of the cut-off date, the seller's standard variable BTL rate for existing and new borrowers was 5.35% per annum.

The tables set out in "*loan portfolio*" show statistical and other information relating to all BTL loans in the cut-off date loan portfolio as of the cut-off date.

Columns stating percentage amounts may not add up to 100% due to rounding.

### loan portfolio

#### *Originators*

| Originator            | Aggregate current<br>Principal Balance<br>(£) | % of Total     | Number of Loan<br>Parts | % of Total     |
|-----------------------|---|----------------|-------------------------|----------------|
| Clydesdale Bank ..... | 1,577,710,976.36                              | 86.61%         | 10,947                  | 76.82%         |
| Yorkshire Bank .....  | 244,020,739.29                                | 13.39%         | 3,304                   | 23.18%         |
| <b>Total .....</b>    | <b>1,821,731,715.65</b>                       | <b>100.00%</b> | <b>14,251</b>           | <b>100.00%</b> |

### Types of BTL loan

| Type of BTL loan                | Aggregate Current Principal Balance (£) | % of Total     | Number of Loan Parts | % of Total     |
|---------------------------------|---|----------------|----------------------|----------------|
| Non-residential property.....   | 118,154.47                              | 0.01%          | 1                    | 0.01%          |
| Non owner-occupied let property | 1,821,613,561.18                        | 99.99%         | 14,250               | 99.99%         |
| <b>Total .....</b>              | <b>1,821,731,715.65</b>                 | <b>100.00%</b> | <b>14,251</b>        | <b>100.00%</b> |

### Tenure

| Tenure             | Aggregate Current Principal Balance (£) | % of Total     | Number of Loan Parts | % of Total     |
|--------------------|---|----------------|----------------------|----------------|
| Feuhold .....      | 177,731,287.41                          | 9.76%          | 2,134                | 14.97%         |
| Freehold .....     | 853,129,516.10                          | 46.83%         | 6,560                | 46.03%         |
| Leasehold.....     | 741,636,735.03                          | 40.71%         | 5,005                | 35.12%         |
| Unknown.....       | 49,234,177.11                           | 2.70%          | 552                  | 3.87%          |
| <b>Total .....</b> | <b>1,821,731,715.65</b>                 | <b>100.00%</b> | <b>14,251</b>        | <b>100.00%</b> |

### Seasoning of BTL loans at closing

The following table shows length of time since the BTL loans were originated as of the cut-off date.

| Age of BTL loans (months) | Aggregate Current Principal Balance (£) | % of Total     | Number of Mortgage Loans | % of Total     |
|---------------------------|---|----------------|--------------------------|----------------|
| 0 to 6 .....              | 249,126,065.36                          | 13.68%         | 1,308                    | 9.18%          |
| 7 to 12 .....             | 208,361,027.62                          | 11.44%         | 1,205                    | 8.46%          |
| 13 to 18 .....            | 103,559,784.93                          | 5.68%          | 677                      | 4.75%          |
| 19 to 24 .....            | 20,444,547.14                           | 1.12%          | 116                      | 0.81%          |
| 25 to 30 .....            | 5,171,762.15                            | 0.28%          | 42                       | 0.29%          |
| 31 to 36 .....            | 2,690,687.17                            | 0.15%          | 23                       | 0.16%          |
| 37 to 42 .....            | 2,521,784.69                            | 0.14%          | 37                       | 0.26%          |
| 43 to 48 .....            | 11,077,440.48                           | 0.61%          | 115                      | 0.81%          |
| 49 to 54 .....            | 56,427,873.57                           | 3.10%          | 460                      | 3.23%          |
| 55 >= .....               | 1,162,350,742.54                        | 63.80%         | 10,268                   | 72.05%         |
| <b>Total .....</b>        | <b>1,821,731,715.65</b>                 | <b>100.00%</b> | <b>14,251</b>            | <b>100.00%</b> |

The weighted average seasoning of BTL loans, as of the cut-off date, was 49.0 months. The maximum seasoning of such BTL loans, as of the cut-off date, was 131.0 months and the minimum seasoning of such BTL loans, as of the cut-off date, was 0 months.

### Years to maturity at closing

| Years to Maturity  | Aggregate Current Principal Balance (£) | % of Total     | Number of Mortgage Loans | % of Total     |
|--------------------|---|----------------|--------------------------|----------------|
| 0 to 5 .....       | 145,439,788.56                          | 7.98%          | 1,299                    | 9.12%          |
| 6 to 10 .....      | 257,450,383.22                          | 14.13%         | 2,199                    | 15.43%         |
| 11 to 15 .....     | 443,572,321.58                          | 24.35%         | 3,583                    | 25.14%         |
| 16 to 20 .....     | 704,471,136.67                          | 38.67%         | 5,640                    | 39.58%         |
| 21 to 25 .....     | 260,606,619.22                          | 14.31%         | 1,463                    | 10.27%         |
| 26 to 30 .....     | 7,715,295.48                            | 0.42%          | 50                       | 0.35%          |
| 30 > .....         | 2,476,170.92                            | 0.14%          | 17                       | 0.12%          |
| <b>Total .....</b> | <b>1,821,731,715.65</b>                 | <b>100.00%</b> | <b>14,251</b>            | <b>100.00%</b> |

The weighted average remaining term of the BTL loans, as of the cut-off date, was 15.4 years. The maximum remaining term, as of the cut-off date, was 39.0 years.

### *Geographical distribution of mortgaged properties*

The following table shows the spread of mortgaged properties securing the BTL loans throughout England, Wales and Scotland as of the cut-off date. No properties are situated outside England, Wales and Scotland. The geographical location of a property has no impact upon the lending criteria and credit scoring tests.

| <b>Region</b>                 | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of<br/>Mortgage Loans</b> | <b>% of Total</b> |
|-------------------------------|--|-------------------|-------------------------------------|-------------------|
| East Anglia.....              | 39,107,298.31  | 2.15%             | 345                                 | 2.42%             |
| East Midlands .....           | 55,255,293.62  | 3.03%             | 694                                 | 4.87%             |
| Greater London.....           | 913,360,751.37   | 50.14%            | 4,578                               | 32.12%            |
| North .....                   | 55,960,364.93  | 3.07%             | 730                                 | 5.12%             |
| North West.....               | 107,656,089.15   | 5.91%             | 1,242                               | 8.72%             |
| Northern Ireland.....         | -  | 0.00%             | -                                   | 0.00%             |
| Scotland .....                | 191,666,817.53   | 10.52%            | 2,353                               | 16.51%            |
| South East .....              | 154,122,631.80   | 8.46%             | 1,143                               | 8.02%             |
| South West.....               | 95,179,650.65  | 5.22%             | 761                                 | 5.34%             |
| Wales .....                   | 11,203,248.24  | 0.61%             | 121                                 | 0.85%             |
| West Midlands.....            | 60,169,543.74  | 3.30%             | 591                                 | 4.15%             |
| Yorkshire and Humberside..... | 138,050,026.31   | 7.58%             | 1,693                               | 11.88%            |
| <b>Total .....</b>            | <b>1,821,731,715.65</b>                                | <b>100.00%</b>    | <b>14,251</b>                       | <b>100.00%</b>    |

### *Original loan-to-value ratios*

The following table shows the range of original loan-to-value ratios, which express the current balance of a BTL loan, as at the date of its origination, divided by the value of the mortgaged property securing that BTL loan at the same date.

No mortgaged property has been revalued since the date of origination of the related BTL loan other than where additional lending or re-mortgaging has been applied for since the date of origination or where the mortgage loan was mortgage loan originated by either originator prior to 10 April 2006 (unless originated through the intermediary/broker network) where a self assessment of the property valuation from the potential borrower was used for the valuation of the property, and in applying that self assessment to an LTV calculation, an LTV ratio of less than 75% was determined. In each of the aforementioned cases, the original valuation may have been updated with a more recent valuation, which recent valuation has been used in formulating this data.

| <b>Original LTV</b>    | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of<br/>Mortgage Loans</b> | <b>% of Total</b> |
|------------------------|--|-------------------|-------------------------------------|-------------------|
| 0.00 to <25.01 .....   | 15,543,526.45  | 0.85%             | 311                                 | 2.23%             |
| ≥25.01 to <50.01.....  | 141,071,489.31   | 7.74%             | 1,488                               | 10.66%            |
| ≥50.01 to <55.01.....  | 76,096,679.23  | 4.18%             | 655                                 | 4.69%             |
| ≥55.01 to <60.01.....  | 98,985,135.37  | 5.43%             | 814                                 | 5.83%             |
| ≥60.01 to <65.01.....  | 161,381,057.33   | 8.86%             | 1,103                               | 7.90%             |
| ≥65.01 to <70.01.....  | 473,001,068.43   | 25.96%            | 2,717                               | 19.46%            |
| ≥70.01 to <75.01.....  | 270,253,196.03   | 14.83%            | 2,038                               | 14.60%            |
| ≥75.01 to <80.01.....  | 347,865,260.91   | 19.10%            | 3,079                               | 22.05%            |
| ≥80.01 to <85.01.....  | 220,110,570.92   | 12.08%            | 1,609                               | 11.52%            |
| ≥85.01 to <90.01.....  | 8,956,887.32   | 0.49%             | 77                                  | 0.55%             |
| ≥90.01 to <95.01.....  | 4,403,779.06   | 0.24%             | 44                                  | 0.32%             |
| ≥95.01 to <100.01..... | 2,396,486.07   | 0.13%             | 19                                  | 0.14%             |
| ≥100.01 .....          | 1,666,579.22   | 0.09%             | 9                                   | 0.06%             |
| <b>Total .....</b>     | <b>1,821,731,715.65</b>                                | <b>100.00%</b>    | <b>13,963</b>                       | <b>100.00%</b>    |

The weighted average original loan-to-value ratio of the BTL loans, as of the cut-off date was 68.4%.

### *Current loan-to-value ratios*

The following table shows the range of current loan-to-value ratios, or LTV ratios, which express the current balance of a BTL loan, as of the cut-off date, divided by the value of the mortgaged property securing that BTL loan at the same date.

| <b>Current LTV</b>      | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of<br/>Mortgage Loans</b> | <b>% of Total</b> |
|-------------------------|--|-------------------|-------------------------------------|-------------------|
| 0.00 to <25.01 .....    | 27,120,068.09  | 1.49%             | 676                                 | 4.84%             |
| ≥25.01 to <50.01 .....  | 183,210,571.83   | 10.06%            | 1,966                               | 14.08%            |
| ≥50.01 to <55.01 .....  | 86,943,228.24  | 4.77%             | 753                                 | 5.39%             |
| ≥55.01 to <60.01 .....  | 111,537,597.33   | 6.12%             | 917                                 | 6.57%             |
| ≥60.01 to <65.01 .....  | 176,585,837.55   | 9.69%             | 1,263                               | 9.05%             |
| ≥65.01 to <70.01 .....  | 473,872,696.98   | 26.01%            | 2,756                               | 19.74%            |
| ≥70.01 to <75.01 .....  | 276,451,619.53   | 15.18%            | 1,996                               | 14.29%            |
| ≥75.01 to <80.01 .....  | 283,267,046.72   | 15.55%            | 2,194                               | 15.71%            |
| ≥80.01 to <85.01 .....  | 185,041,285.17   | 10.16%            | 1,331                               | 9.53%             |
| ≥85.01 to <90.01 .....  | 8,337,943.69   | 0.46%             | 53                                  | 0.38%             |
| ≥90.01 to <95.01 .....  | 4,585,776.53   | 0.25%             | 32                                  | 0.23%             |
| ≥95.01 to <100.01 ..... | 2,318,651.31   | 0.13%             | 16                                  | 0.11%             |
| ≥100.01 .....           | 2,459,392.68   | 0.14%             | 10                                  | 0.07%             |
| <b>Total .....</b>      | <b>1,821,731,715.65</b>                                | <b>100.00%</b>    | <b>13,963</b>                       | <b>100.00%</b>    |

The weighted average current loan-to-value ratio of the BTL loans, as of the cut-off date was 66.6%.

#### *Current indexed loan-to-value ratios*

The following table shows the range of current indexed loan-to-value ratios, or LTV ratios, which express the current balance of a BTL loan, as of the cut-off date, divided by the indexed value of the mortgaged property securing that BTL loan, as of the same date (calculated using the Nationwide House Price Index)..

| <b>Indexed LTV</b>      | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of<br/>Mortgage Loans</b> | <b>% of Total</b> |
|-------------------------|--|-------------------|-------------------------------------|-------------------|
| 0.00 to <25.01 .....    | 26,589,651.76  | 1.46%             | 678                                 | 4.86%             |
| ≥25.01 to <50.01 .....  | 168,294,380.85   | 9.24%             | 1,886                               | 13.51%            |
| ≥50.01 to <55.01 .....  | 78,689,821.65  | 4.32%             | 698                                 | 5.00%             |
| ≥55.01 to <60.01 .....  | 102,024,477.78   | 5.60%             | 855                                 | 6.12%             |
| ≥60.01 to <65.01 .....  | 159,255,601.83   | 8.74%             | 1,154                               | 8.26%             |
| ≥65.01 to <70.01 .....  | 324,160,911.64   | 17.79%            | 1,986                               | 14.22%            |
| ≥70.01 to <75.01 .....  | 377,969,358.16   | 20.75%            | 2,400                               | 17.19%            |
| ≥75.01 to <80.01 .....  | 277,675,034.11   | 15.24%            | 2,156                               | 15.44%            |
| ≥80.01 to <85.01 .....  | 160,015,479.70   | 8.78%             | 1,161                               | 8.31%             |
| ≥85.01 to <90.01 .....  | 117,209,753.86   | 6.43%             | 785                                 | 5.62%             |
| ≥90.01 to <95.01 .....  | 24,522,634.41  | 1.35%             | 176                                 | 1.26%             |
| ≥95.01 to <100.01 ..... | 2,328,188.82   | 0.13%             | 15                                  | 0.11%             |
| ≥100.01 .....           | 2,996,421.08   | 0.16%             | 13                                  | 0.09%             |
| <b>Total .....</b>      | <b>1,821,731,715.65</b>                                | <b>100.00%</b>    | <b>13,963</b>                       | <b>100.00%</b>    |

The weighted average current indexed loan-to-value ratio of the BTL loans, as of the cut-off date, was 68.2%.

#### *Current balances*

The following table shows the current balances of the BTL loans (including capitalised fees and/or charges, if applicable), as of the cut-off date:

| <b>Range of Current Principal Balance</b> | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of<br/>Mortgage Loans</b> | <b>% of Total</b> |
|---|--|-------------------|-------------------------------------|-------------------|
| £0.00 - £24,999.99 .....                  | 7,816,550.12   | 0.43%             | 489                                 | 3.50%             |
| £25,000.00 - £49,999.99 .....             | 58,248,462.17  | 3.20%             | 1,491                               | 10.68%            |
| £50,000.00 - £74,999.99 .....             | 138,197,823.29   | 7.59%             | 2,218                               | 15.88%            |
| £75,000.00 - £99,999.99 .....             | 217,859,279.65   | 11.96%            | 2,496                               | 17.88%            |
| £100,000.00 - £124,999.99 .....           | 228,140,401.58   | 12.52%            | 2,049                               | 14.67%            |
| £125,000.00 - £149,999.99 .....           | 186,038,864.26   | 10.21%            | 1,365                               | 9.78%             |
| £150,000.00 - £174,999.99 .....           | 156,213,819.99   | 8.58%             | 970                                 | 6.95%             |
| £175,000.00 - £199,999.99 .....           | 128,519,876.93   | 7.05%             | 687                                 | 4.92%             |
| £200,000.00 - £224,999.99 .....           | 107,742,010.07   | 5.91%             | 512                                 | 3.67%             |
| £225,000.00 - £249,999.99 .....           | 83,830,793.23  | 4.60%             | 353                                 | 2.53%             |
| £250,000.00 - £274,999.99 .....           | 61,924,192.81  | 3.40%             | 237                                 | 1.70%             |



| <b>Range of Current Principal Balance</b> | <b>Aggregate Current Principal Balance (£)</b> | <b>% of Total</b> | <b>Number of Mortgage Loans</b> | <b>% of Total</b> |
|---|--|-------------------|---------------------------------|-------------------|
| £275,000.00 - £299,999.99.....            | 64,337,058.82                                  | 3.53%             | 224                             | 1.60%             |
| £300,000.00 - £324,999.99.....            | 47,900,587.97                                  | 2.63%             | 154                             | 1.10%             |
| £325,000.00 - £349,999.99.....            | 37,296,762.99                                  | 2.05%             | 110                             | 0.79%             |
| £350,000.00 - £374,999.99.....            | 41,828,866.30                                  | 2.30%             | 116                             | 0.83%             |
| £375,000.00 - £399,999.99.....            | 34,632,960.39                                  | 1.90%             | 90                              | 0.64%             |
| £400,000.00 - £424,999.99.....            | 27,889,372.50                                  | 1.53%             | 68                              | 0.49%             |
| £425,000.00 - £449,999.99.....            | 15,404,366.71                                  | 0.85%             | 35                              | 0.25%             |
| £450,000.00 - £474,999.99.....            | 20,228,640.66                                  | 1.11%             | 44                              | 0.32%             |
| £475,000.00 - £499,999.99.....            | 21,921,717.44                                  | 1.20%             | 45                              | 0.32%             |
| £500,000.00 - £599,999.99.....            | 56,314,856.63                                  | 3.09%             | 105                             | 0.75%             |
| £600,000.00 - £699,999.99.....            | 24,375,500.34                                  | 1.34%             | 38                              | 0.27%             |
| £700,000.00 - £799,999.99.....            | 24,490,422.07                                  | 1.34%             | 33                              | 0.24%             |
| £800,000.00 - £899,999.99.....            | 16,254,757.50                                  | 0.89%             | 19                              | 0.14%             |
| £900,000.00 + .....                       | 14,323,771.23                                  | 0.79%             | 15                              | 0.11%             |
| <b>Total .....</b>                        | <b>1,821,731,715.65</b>                        | <b>100.00%</b>    | <b>13,963</b>                   | <b>100.00%</b>    |

The largest BTL loan had a current balance, as of the cut-off date, of £1,000,000.00. The average current balance, as of the cut-off date, was approximately £130,468.50.

#### *Flexible Offset Product Type*

| <b>Type</b>        | <b>Aggregate Current Principal Balance (£)</b> | <b>% of total</b> | <b>Number of Loan Parts</b> | <b>% of total</b> |
|--------------------|--|-------------------|-----------------------------|-------------------|
| Flexible .....     | 1,443,182,271.34                               | 79.22%            | 11,401                      | 80.00%            |
| Offset .....       | 378,549,444.31                                 | 20.78%            | 2,850                       | 20.00%            |
| <b>Total .....</b> | <b>1,821,731,715.65</b>                        | <b>100.00%</b>    | <b>14,251</b>               | <b>100.00%</b>    |

#### *BTL loan products*

| <b>Type of Mortgage Loan</b> | <b>Aggregate Current Principal Balance (£)</b> | <b>% of Total</b> | <b>Number of Loan Parts</b> | <b>% of Total</b> |
|------------------------------|--|-------------------|-----------------------------|-------------------|
| Capped .....                 | -  | 0.00%             | -                           | 0.00%             |
| Discount .....               | -  | 0.00%             | -                           | 0.00%             |
| Fixed .....                  | 552,941,778.28                                 | 30.35%            | 2,925                       | 20.52%            |
| Tracker .....                | 547,781,814.31                                 | 30.07%            | 3,805                       | 26.70%            |
| Standard Variable .....      | 721,008,123.06                                 | 39.58%            | 7,521                       | 52.78%            |
| <b>Total .....</b>           | <b>1,821,731,715.65</b>                        | <b>100.00%</b>    | <b>14,251</b>               | <b>100.00%</b>    |

#### *Employment status*

| <b>Employment status</b> | <b>Aggregate current balance (£)</b> | <b>% of total</b> | <b>Number of Loan Parts</b> | <b>% of total</b> |
|--------------------------|--------------------------------------|-------------------|-----------------------------|-------------------|
| Not Self-employed.....   | 1,519,403,786.51                     | 83.40%            | 11,679                      | 81.95%            |
| Self-employed.....       | 302,327,929.14                       | 16.60%            | 2,572                       | 18.05%            |
| <b>Total .....</b>       | <b>1,821,731,715.65</b>              | <b>100.00%</b>    | <b>14,251</b>               | <b>100.00%</b>    |

#### *Distribution of fixed rate BTL loans*

Fixed rate BTL loans remain at the relevant fixed rate for a period of time as specified in the offer of advance, after which they move to the standard variable rate of the originators or some other rate as specified in the offer of advance.

| <b>Fixed rate %</b>  | <b>Aggregate Current Principal Balance (£)</b> | <b>% of Total</b> | <b>Number of Loan Parts</b> | <b>% of Total</b> |
|----------------------|--|-------------------|-----------------------------|-------------------|
| 0.00 to ≤4.00 .....  | 213,815,324.47                                 | 38.67%            | 859                         | 29.37%            |
| >4.00 to ≤4.50 ..... | 151,253,067.14                                 | 27.35%            | 671                         | 22.94%            |

| <b>Fixed rate %</b> | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of Loan<br/>Parts</b> | <b>% of Total</b> |
|---------------------|--|-------------------|---------------------------------|-------------------|
| >4.50 to ≤5.00..... | 77,032,513.61  | 13.93%            | 428                             | 14.63%            |
| >5.00 to ≤5.50..... | 39,290,675.95  | 7.11%             | 289                             | 9.88%             |
| >5.50 to ≤6.00..... | 40,458,165.75  | 7.32%             | 307                             | 10.50%            |
| >6.00 to ≤7.00..... | 31,092,031.36  | 5.62%             | 371                             | 12.68%            |
| <b>Total .....</b>  | <b>552,941,778.28</b>                                  | <b>100.00%</b>    | <b>2,925</b>                    | <b>100.00%</b>    |

***Month/year in which fixed rate period ends***

| <b>Month/year in which fixed rate<br/>period ends</b> | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of total</b> | <b>Number of Loan<br/>Parts</b> | <b>% of Total</b> |
|---|--|-------------------|---------------------------------|-------------------|
| 2012 .....  | 62,512,215.34  | 11.31%            | 466                             | 15.93%            |
| 2013 .....  | 206,171,193.18   | 37.29%            | 1,044                           | 35.69%            |
| 2014 .....  | 202,018,950.75   | 36.54%            | 894                             | 30.56%            |
| 2015 .....  | 793,162.50   | 0.14%             | 8                               | 0.27%             |
| 2016 .....  | 43,816,165.53  | 7.92%             | 263                             | 8.99%             |
| 2017 .....  | 37,630,090.98  | 6.81%             | 250                             | 8.55%             |
| 2029 .....  | -  | 0.00%             | -                               | 0.00%             |
| 2032 .....  | -  | 0.00%             | -                               | 0.00%             |
| 2034 .....  | -  | 0.00%             | -                               | 0.00%             |
| For Life .....  | -  | 0.00%             | -                               | 0.00%             |
| <b>Total .....</b>                                    | <b>552,941,778.28</b>                                  | <b>100.00%</b>    | <b>2,925</b>                    | <b>100.00%</b>    |

***Repayment terms***

| <b>Type of repayment</b> | <b>Aggregate<br/>Current Principal<br/>Balance (£)</b> | <b>% of Total</b> | <b>Number of Loan<br/>Parts</b> | <b>% of Total</b> |
|--------------------------|--|-------------------|---------------------------------|-------------------|
| Interest Only .....      | 1,549,294,996.98                                       | 85.05%            | 10,588                          | 74.30%            |
| Repayment .....          | 272,436,718.67   | 14.95%            | 3,663                           | 25.70%            |
| <b>Total .....</b>       | <b>1,821,731,715.65</b>                                | <b>100.00%</b>    | <b>14,251</b>                   | <b>100.00%</b>    |

## Characteristics of the United Kingdom Residential Mortgage Market

The housing market in the UK is primarily one of owner-occupier housing. The remaining occupants are in some form of public/private landlord or social ownership.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. The final terms for each series of notes will contain information supplemental to such tables together with other information regarding the characteristics of the United Kingdom mortgage market.

### *CPR rates*

The quarterly constant payment rate ("**CPR**") data presented below was calculated by dividing the amount of scheduled and unscheduled repayments of BTL loans in a quarter by the quarterly balance of BTL loans outstanding. You should note that the data presented below is based upon a percentage of the total UK residential mortgage market, but because the seller's CPR data (which calculates the amount of scheduled and unscheduled repayments on a monthly basis for all BTL loans originated by the originators (and thus gives an indication of anticipated CPR for the mortgages trust)) includes the effect of further advances and product switches, which results in a higher CPR, the data presented below is on a basis which undercounts CPR relative to the seller's method of calculating CPR.

The following table sets out the quarterly CPR rates experienced in respect of residential BTL loans by UK lenders since June 2008.

| <u>Date</u>          | <u>CPR for the<br/>Quarter (%)</u> | <u>Four quarter<br/>rolling average<br/>(%)</u> |
|----------------------|------------------------------------|---|
| June 2008 .....      | 12.9%                              |   |
| September 2008 ..... | 7.4%                               |   |
| December 2008 .....  | 6.5%                               |   |
| March 2009 .....     | 3.4%                               | 7.6%  |
| June 2009 .....      | 3.4%                               | 5.2%  |
| September 2009 ..... | 3.0%                               | 4.1%  |
| December 2009 .....  | 3.8%                               | 3.4%  |
| March 2010 .....     | 3.8%                               | 3.5%  |
| June 2010 .....      | 5.3%                               | 4.0%  |
| September 2010 ..... | 5.7%                               | 4.6%  |
| December 2010 .....  | 5.5%                               | 5.0%  |
| March 2011 .....     | 3.9%                               | 5.1%  |
| June 2011 .....      | 5.1%                               | 5.0%  |
| September 2011 ..... | 5.3%                               | 5.0%  |
| December 2011 .....  | 3.8%                               | 4.5%  |
| March 2012 .....     | 3.5%                               | 4.4%  |
| June 2012 .....      | 3.7%                               | 4.1%  |

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

## House price index

UK residential property prices, as measured by the Nationwide House Price Index and Halifax House Price Index (collectively the "**Housing Indices**"), have generally followed the UK Retail Price Index over an extended period. Nationwide is a UK building society and Halifax is a UK bank.

The housing market has been through three economic cycles since 1976. High year to year increases in the Housing Indices occurred in the late 1970s and late 1980s with greatest decrease in the early 1990s.

The following table sets out the quarterly housing price indices experienced in respect of residential BTL loans by building societies since the first quarter of 1987.

| Time         | UK Retail Price Index |                              | Nationwide House Price Index |                              | Halifax House Price Index |                              |
|--------------|-----------------------|------------------------------|------------------------------|------------------------------|---------------------------|------------------------------|
|              | Index                 | % annual change <sup>1</sup> | Index                        | % annual change <sup>1</sup> | Index                     | % annual change <sup>1</sup> |
| 1987 Q1..... | 100.30                | 0.00                         | 81.55                        | 0.00                         | 140.60                    | 0.00                         |
| 1987 Q2..... | 101.90                | 0.00                         | 85.75                        | 0.00                         | 147.30                    | 0.00                         |
| 1987 Q3..... | 102.10                | 0.00                         | 88.64                        | 0.00                         | 152.60                    | 0.00                         |
| 1987 Q4..... | 103.20                | 0.00                         | 88.48                        | 0.00                         | 158.20                    | 0.00                         |
| 1988 Q1..... | 103.70                | 3.33                         | 89.95                        | 9.80                         | 164.90                    | 15.94                        |
| 1988 Q2..... | 106.20                | 4.13                         | 97.61                        | 12.95                        | 180.20                    | 20.16                        |
| 1988 Q3..... | 107.70                | 5.34                         | 108.43                       | 20.15                        | 198.90                    | 26.50                        |
| 1988 Q4..... | 109.90                | 6.29                         | 114.20                       | 25.51                        | 212.00                    | 29.27                        |
| 1989 Q1..... | 111.70                | 7.43                         | 118.76                       | 27.79                        | 217.80                    | 27.82                        |
| 1989 Q2..... | 114.90                | 7.87                         | 124.17                       | 24.06                        | 226.80                    | 23.00                        |
| 1989 Q3..... | 116.00                | 7.42                         | 125.24                       | 14.42                        | 227.30                    | 13.35                        |
| 1989 Q4..... | 118.30                | 7.37                         | 122.68                       | 7.16                         | 222.80                    | 4.97                         |
| 1990 Q1..... | 120.40                | 7.50                         | 118.87                       | 0.09                         | 220.70                    | 1.32                         |
| 1990 Q2..... | 126.00                | 9.22                         | 117.66                       | -5.38                        | 224.30                    | -1.11                        |
| 1990 Q3..... | 128.10                | 9.92                         | 114.20                       | -9.23                        | 224.20                    | -1.37                        |
| 1990 Q4..... | 130.10                | 9.51                         | 109.56                       | -11.31                       | 222.90                    | 0.04                         |
| 1991 Q1..... | 130.80                | 8.28                         | 108.82                       | -8.84                        | 220.20                    | -0.23                        |
| 1991 Q2..... | 133.60                | 5.86                         | 110.55                       | -6.23                        | 223.20                    | -0.49                        |
| 1991 Q3..... | 134.20                | 4.65                         | 109.53                       | -4.18                        | 220.80                    | -1.53                        |
| 1991 Q4..... | 135.50                | 4.07                         | 107.00                       | -2.37                        | 217.50                    | -2.45                        |
| 1992 Q1..... | 136.20                | 4.05                         | 104.11                       | -4.42                        | 210.60                    | -4.46                        |
| 1992 Q2..... | 139.10                | 4.03                         | 105.06                       | -5.10                        | 210.40                    | -5.91                        |
| 1992 Q3..... | 139.00                | 3.51                         | 104.22                       | -4.97                        | 208.40                    | -5.78                        |
| 1992 Q4..... | 139.60                | 2.98                         | 100.08                       | -6.68                        | 199.30                    | -8.74                        |
| 1993 Q1..... | 138.70                | 1.82                         | 100.00                       | -4.02                        | 196.90                    | -6.73                        |
| 1993 Q2..... | 140.90                | 1.29                         | 103.57                       | -1.42                        | 203.20                    | -3.48                        |
| 1993 Q3..... | 141.30                | 1.64                         | 103.23                       | -0.96                        | 204.20                    | -2.04                        |
| 1993 Q4..... | 141.80                | 1.56                         | 101.84                       | 1.74                         | 202.50                    | 1.59                         |
| 1994 Q1..... | 142.00                | 2.35                         | 102.39                       | 2.36                         | 202.30                    | 2.71                         |
| 1994 Q2..... | 144.50                | 2.52                         | 102.46                       | -1.08                        | 204.30                    | 0.54                         |
| 1994 Q3..... | 144.60                | 2.31                         | 103.20                       | -0.03                        | 204.30                    | 0.05                         |
| 1994 Q4..... | 145.50                | 2.58                         | 103.96                       | 2.06                         | 200.90                    | -0.79                        |
| 1995 Q1..... | 146.80                | 3.32                         | 101.91                       | -0.47                        | 200.30                    | -0.99                        |
| 1995 Q2..... | 149.50                | 3.40                         | 103.00                       | 0.53                         | 201.00                    | -1.63                        |
| 1995 Q3..... | 149.90                | 3.60                         | 102.41                       | -0.77                        | 199.00                    | -2.63                        |
| 1995 Q4..... | 150.10                | 3.11                         | 101.60                       | -2.30                        | 197.80                    | -1.56                        |
| 1996 Q1..... | 150.90                | 2.75                         | 102.47                       | 0.55                         | 200.90                    | 0.30                         |
| 1996 Q2..... | 152.80                | 2.18                         | 105.79                       | 2.67                         | 208.60                    | 3.71                         |
| 1996 Q3..... | 153.10                | 2.11                         | 107.74                       | 5.08                         | 209.80                    | 5.28                         |
| 1996 Q4..... | 154.00                | 2.57                         | 110.06                       | 8.00                         | 212.60                    | 7.22                         |
| 1997 Q1..... | 154.90                | 2.62                         | 111.33                       | 8.30                         | 215.30                    | 6.92                         |
| 1997 Q2..... | 156.90                | 2.65                         | 116.51                       | 9.65                         | 222.60                    | 6.50                         |
| 1997 Q3..... | 158.40                | 3.40                         | 121.20                       | 11.77                        | 223.60                    | 6.37                         |
| 1997 Q4..... | 159.70                | 3.63                         | 123.34                       | 11.40                        | 224.00                    | 5.22                         |
| 1998 Q1..... | 160.20                | 3.36                         | 125.48                       | 11.96                        | 226.40                    | 5.03                         |
| 1998 Q2..... | 163.20                | 3.94                         | 130.11                       | 11.04                        | 234.90                    | 5.38                         |
| 1998 Q3..... | 163.70                | 3.29                         | 132.39                       | 8.84                         | 236.10                    | 5.44                         |
| 1998 Q4..... | 164.40                | 2.90                         | 132.29                       | 7.00                         | 236.30                    | 5.35                         |
| 1999 Q1..... | 163.70                | 2.16                         | 134.61                       | 7.02                         | 236.30                    | 4.28                         |
| 1999 Q2..... | 165.50                | 1.40                         | 139.66                       | 7.09                         | 247.70                    | 5.31                         |
| 1999 Q3..... | 165.60                | 1.15                         | 144.35                       | 8.65                         | 256.70                    | 8.37                         |
| 1999 Q4..... | 166.80                | 1.45                         | 148.89                       | 11.83                        | 263.40                    | 10.86                        |
| 2000 Q1..... | 167.50                | 2.29                         | 155.00                       | 14.10                        | 270.50                    | 13.52                        |
| 2000 Q2..... | 170.60                | 3.04                         | 161.99                       | 14.83                        | 275.60                    | 10.67                        |
| 2000 Q3..... | 170.90                | 3.15                         | 161.46                       | 11.20                        | 277.60                    | 7.83                         |
| 2000 Q4..... | 172.00                | 3.07                         | 162.84                       | 8.95                         | 278.30                    | 5.50                         |

| Time         | UK Retail Price Index |                              | Nationwide House Price Index |                              | Halifax House Price Index |                              |
|--------------|-----------------------|------------------------------|------------------------------|------------------------------|---------------------------|------------------------------|
|              | Index                 | % annual change <sup>1</sup> | Index                        | % annual change <sup>1</sup> | Index                     | % annual change <sup>1</sup> |
| 2001 Q1..... | 171.80                | 2.53                         | 167.52                       | 7.77                         | 279.00                    | 3.09                         |
| 2001 Q2..... | 173.90                | 1.92                         | 174.83                       | 7.63                         | 297.00                    | 7.48                         |
| 2001 Q3..... | 174.00                | 1.80                         | 181.63                       | 11.77                        | 305.00                    | 9.41                         |
| 2001 Q4..... | 173.80                | 1.04                         | 184.59                       | 12.54                        | 310.90                    | 11.08                        |
| 2002 Q1..... | 173.90                | 1.21                         | 190.22                       | 12.71                        | 324.30                    | 15.05                        |
| 2002 Q2..... | 176.00                | 1.20                         | 206.47                       | 16.64                        | 346.60                    | 15.44                        |
| 2002 Q3..... | 176.60                | 1.48                         | 221.09                       | 19.66                        | 369.10                    | 19.08                        |
| 2002 Q4..... | 178.20                | 2.50                         | 231.29                       | 22.55                        | 393.00                    | 23.43                        |
| 2003 Q1..... | 179.20                | 3.00                         | 239.26                       | 22.94                        | 400.10                    | 21.00                        |
| 2003 Q2..... | 181.30                | 2.97                         | 250.12                       | 19.18                        | 422.50                    | 19.80                        |
| 2003 Q3..... | 181.80                | 2.90                         | 258.86                       | 15.77                        | 437.60                    | 17.02                        |
| 2003 Q4..... | 182.90                | 2.60                         | 267.12                       | 14.40                        | 453.50                    | 14.32                        |
| 2004 Q1..... | 183.80                | 2.53                         | 277.34                       | 14.77                        | 474.00                    | 16.95                        |
| 2004 Q2..... | 186.30                | 2.72                         | 296.16                       | 16.90                        | 513.20                    | 19.45                        |
| 2004 Q3..... | 187.40                | 3.03                         | 306.18                       | 16.79                        | 527.20                    | 18.63                        |
| 2004 Q4..... | 189.20                | 3.39                         | 304.15                       | 12.98                        | 522.00                    | 14.07                        |
| 2005 Q1..... | 189.70                | 3.16                         | 304.80                       | 9.44                         | 520.20                    | 9.30                         |
| 2005 Q2..... | 191.90                | 2.96                         | 314.18                       | 5.91                         | 532.10                    | 3.62                         |
| 2005 Q3..... | 192.60                | 2.74                         | 314.45                       | 2.67                         | 543.10                    | 2.97                         |
| 2005 Q4..... | 193.70                | 2.35                         | 313.97                       | 3.18                         | 548.40                    | 4.93                         |
| 2006 Q1..... | 194.20                | 2.34                         | 319.82                       | 4.81                         | 552.60                    | 6.04                         |
| 2006 Q2..... | 197.60                | 2.93                         | 329.22                       | 4.68                         | 582.10                    | 8.98                         |
| 2006 Q3..... | 199.30                | 3.42                         | 336.06                       | 6.65                         | 586.70                    | 7.72                         |
| 2006 Q4..... | 201.40                | 3.90                         | 343.25                       | 8.92                         | 602.80                    | 9.46                         |
| 2007 Q1..... | 203.00                | 4.43                         | 350.21                       | 9.08                         | 613.90                    | 10.52                        |
| 2007 Q2..... | 206.30                | 4.31                         | 362.69                       | 9.68                         | 644.10                    | 10.12                        |
| 2007 Q3..... | 207.10                | 3.84                         | 367.32                       | 8.89                         | 649.30                    | 10.14                        |
| 2007 Q4..... | 209.80                | 4.09                         | 366.98                       | 6.68                         | 634.40                    | 5.11                         |
| 2008 Q1..... | 211.10                | 3.91                         | 357.81                       | 2.15                         | 620.90                    | 1.13                         |
| 2008 Q2..... | 215.30                | 4.27                         | 348.14                       | -4.10                        | 605.10                    | -6.25                        |
| 2008 Q3..... | 217.40                | 4.85                         | 329.53                       | -10.86                       | 568.90                    | -13.22                       |
| 2008 Q4..... | 215.50                | 2.68                         | 312.85                       | -15.96                       | 531.50                    | -17.70                       |
| 2009 Q1..... | 210.90                | -0.09                        | 298.65                       | -18.07                       | 512.50                    | -19.19                       |
| 2009 Q2..... | 212.60                | -1.26                        | 307.34                       | -12.46                       | 514.30                    | -16.26                       |
| 2009 Q3..... | 214.40                | -1.39                        | 319.50                       | -3.09                        | 526.50                    | -7.75                        |
| 2009 Q4..... | 216.90                | 0.65                         | 323.40                       | 3.32                         | 537.30                    | 1.09                         |
| 2010 Q1..... | 219.30                | 3.91                         | 324.94                       | 8.44                         | 539.00                    | 5.04                         |
| 2010 Q2..... | 223.50                | 5.00                         | 336.57                       | 9.09                         | 546.60                    | 6.09                         |
| 2010 Q3..... | 224.50                | 4.60                         | 333.85                       | 4.39                         | 540.40                    | 2.61                         |
| 2010 Q4..... | 227.00                | 4.55                         | 325.11                       | 0.53                         | 528.80                    | -1.59                        |
| 2011 Q1..... | 230.90                | 5.15                         | 323.93                       | -0.31                        | 523.20                    | -2.98                        |
| 2011 Q2..... | 234.90                | 4.97                         | 332.67                       | -1.17                        | 527.20                    | -3.61                        |
| 2011 Q3..... | 236.20                | 5.08                         | 332.34                       | -0.45                        | 528.00                    | -2.32                        |
| 2011 Q4..... | 238.60                | 4.98                         | 328.73                       | 1.11                         | 522.00                    | -1.29                        |
| 2012 Q1..... | 239.60                | 3.70                         | 324.61                       | 0.21                         | 520.10                    | -0.59                        |
| 2012 Q2..... | 242.20                | 3.06                         | 329.06                       | -1.09                        | 524.70                    | -0.48                        |

Provided by Clydesdale Bank PLC.

<sup>1</sup> The percentage annual change is calculated in accordance with the following formula:

In (x/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.

Sources: Office for National Statistics, Nationwide, Halifax.

### ***Repossession rate***

The table below sets out the repossession rate of residential properties in the United Kingdom since 2005.

| <b>Year</b> | <b>Repossessions (%)</b> | <b>Year</b> | <b>Repossessions (%)</b> | <b>Year</b> | <b>Repossessions (%)</b> |
|-------------|--------------------------|-------------|--------------------------|-------------|--------------------------|
| 2005 .....  | 0.06                     | 2008 .....  | 0.20                     | 2011.....   | 0.21                     |
| 2006 .....  | 0.06                     | 2009 .....  | 0.20                     |             |                          |
| 2007 .....  | 0.12                     | 2010 .....  | 0.18                     |             |                          |

Source: Council of Mortgage Lenders

### ***House price to earnings ratio***

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the CML's earnings survey figures referring to weekly earnings in April of each year for those male employees whose earnings were not affected by their absence from work. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a BTL loan.

| <b>Year</b> | <b>House Price to Earnings Ratio</b> | <b>Year</b> | <b>House Price to Earnings Ratio</b> |
|-------------|--------------------------------------|-------------|--------------------------------------|
| 1971 .....  | 4.02                                 | 1992 .....  | 4.85                                 |
| 1972 .....  | 4.63                                 | 1993 .....  | 4.59                                 |
| 1973 .....  | 5.64                                 | 1994 .....  | 4.55                                 |
| 1974 .....  | 4.85                                 | 1995 .....  | 4.47                                 |
| 1975 .....  | 4.23                                 | 1996 .....  | 4.51                                 |
| 1976 .....  | 4.08                                 | 1997 .....  | 4.77                                 |
| 1977 .....  | 4.02                                 | 1998 .....  | 5.11                                 |
| 1978 .....  | 4.09                                 | 1999 .....  | 5.37                                 |
| 1979 .....  | 4.47                                 | 2000 .....  | 6.07                                 |
| 1980 .....  | 4.53                                 | 2001 .....  | 6.19                                 |
| 1981 .....  | 4.30                                 | 2002 .....  | 7.03                                 |
| 1982 .....  | 4.09                                 | 2003 .....  | 7.52                                 |
| 1983 .....  | 4.26                                 | 2004 .....  | 8.00                                 |
| 1984 .....  | 4.35                                 | 2005 .....  | 8.16                                 |
| 1985 .....  | 4.41                                 | 2006 .....  | 8.09                                 |
| 1986 .....  | 4.64                                 | 2007 .....  | 8.67                                 |
| 1987 .....  | 4.98                                 | 2008 .....  | 8.38                                 |
| 1988 .....  | 5.73                                 | 2009 .....  | 7.65                                 |
| 1989 .....  | 6.36                                 | 2010 .....  | 8.11                                 |
| 1990 .....  | 5.72                                 | 2011 .....  | 8.19                                 |
| 1991 .....  | 5.27                                 |             |                                      |

Source: Council of Mortgage Lenders

***BTL and owner-occupied arrears***

The following table shows the percentage of arrears greater than 3 months for owner-occupied and BTL properties in the United Kingdom since 2008 Q1.

| <b>Year</b>  | <b>Owner-occupied</b> | <b>BTL</b> | <b>Year</b>  | <b>Owner-occupied</b> | <b>BTL</b> |
|--------------|-----------------------|------------|--------------|-----------------------|------------|
| 2008 Q1..... | 1.20                  | 0.92       | 2011 Q1..... | 2.20                  | 1.61       |
| 2008 Q2..... | 1.32                  | 1.10       | 2011 Q2..... | 2.19                  | 1.56       |
| 2008 Q3..... | 1.41                  | 1.56       | 2011 Q3..... | 2.16                  | 1.44       |
| 2008 Q4..... | 1.83                  | 2.31       | 2011 Q4..... | 2.08                  | 1.37       |
| 2009 Q1..... | 2.30                  | 3.07       | 2012 Q1..... | 2.05                  | 1.31       |
| 2009 Q2..... | 2.50                  | 2.50       | 2012 Q2..... | 2.05                  | 1.21       |
| 2009 Q3..... | 2.46                  | 2.21       |              |                       |            |
| 2009 Q4..... | 2.44                  | 2.01       |              |                       |            |
| 2010 Q1..... | 2.41                  | 1.83       |              |                       |            |
| 2010 Q2..... | 2.29                  | 1.71       |              |                       |            |
| 2010 Q3..... | 2.24                  | 1.70       |              |                       |            |
| 2010 Q4..... | 2.22                  | 1.67       |              |                       |            |

Source: Council of Mortgage Lenders

All information sourced from a third party has been accurately reproduced and that so 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.

### **Mortgage sale agreement – Conditions to assignment**

For the purposes of the conditions to be met on each assignment date in order to effect a sale and assignment of a loan portfolio:

- (a) the aggregate arrearage of interest threshold shall be 2.0%;
- (b) the aggregate current principal balance in arrearage threshold shall be 4.0%;
- (c) the aggregate current principal balance threshold shall be 15.0%;
- (d) the Moody's portfolio variation test margin shall be 0.30%;
- (e) the weighted average yield threshold shall be 1.30%; and
- (f) the weighted average LTV ratio margin shall be 0.25%.

For the purposes of the Fitch conditions:

- (a) the original weighted average LTV threshold shall be 72.0%;
- (b) the current weighted average LTV threshold shall be 72.0%; and
- (c) the Fitch original LTV threshold shall be 20.0%.



**General**

**Interests of natural and legal persons involved in the issue**

None

**Listing and admission to trading application**

These final terms comprise the final terms required for the notes described herein to be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's regulated market pursuant to the £10 billion Residential Buy-To-Let Mortgage Backed Note Programme of Lannraig Master Issuer plc.

Signed on behalf of the issuer:

By:  .....  
**Duly authorised**  
per pro SFM Directors Limited

## **ADDITIONAL INFORMATION**

**Lannraig Master Issuer plc**

*(Incorporated with limited liability in England and Wales, registered number 7454283)*

**Issue of series 2012-1 notes**

**under its £10 billion residential buy-to-let mortgage backed note programme**

**Intended to be held in a manner which would allow Eurosystem eligibility:**

Yes

Note that the designation "yes" simply means that the notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.