

Listing Particulars

Chestnut II Mortgage Financing PLC (the Issuer)

(incorporated as a public limited liability company under the laws of England and Wales, registered office at 35 Great St. Helen's, London EC3A 6AP, registration number 10925853)

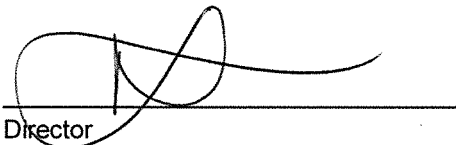
An unlimited number of Class A Floating Rate Notes due November 2035 (the Class A Notes)

and

An unlimited number of Class Z Variable Funding Notes due November 2035 (the Class Z VFN and, together with the Class A Notes, the Notes)

Application has been made to The International Stock Exchange Authority Limited (the **Authority**) for the Notes described in these Listing Particulars (these **Listing Particulars**) to be admitted to the Official List (the **Official List**) of The International Stock Exchange (the **Exchange**) (the **Notes Listing**).

20 November 2017



Director

for and on behalf of the Issuer

per pro Intertrust Directors 1 Limited
as Director

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Part 1: Important notices

Investors in the Notes should conduct such independent investigation and analysis regarding the Issuer and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Investors in the Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in these Listing Particulars and any supplementary Listing Particulars and the merits and risks of investing in the Notes in the context of their financial position and circumstances. The risks identified in these Listing Particulars are provided as general information only and the Issuer disclaims any responsibility to advise investors in the Notes of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

Subject as set out below, the Issuer accepts responsibility for the information contained in these Listing Particulars and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in these Listing Particulars has been accurately reproduced (and is clearly cited where it appears in these Listing Particulars) 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.

EFG Private Bank Limited accepts responsibility for the information set out in "*Part 8: Description of Other Transaction parties - The Originator*", "*Part 12: The Loans*", and "*Part 13: Characteristics of the Portfolio*". To the best of the knowledge and belief of EFG Private Bank Limited (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 EFG Private Bank Limited as to the accuracy or completeness of any information contained in these Listing Particulars (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

These Listing Particulars should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein.

No person has been authorised to give any information or to make any representation not contained in or not consistent with these Listing Particulars or any other document entered into in relation to the Notes Listing or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in these Listing Particulars are true subsequent to the date hereof or the date upon which these Listing Particulars has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial

or otherwise) of the Issuer since the date thereof or, if later, the date upon which these Listing Particulars has been most recently amended or supplemented or that any other information supplied in connection with the Notes Listing is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of these Listing Particulars and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons, into whose possession these Listing Particulars come, are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) or any applicable state securities laws. The Issuer has no obligation or intention to register any of the Notes under the Securities Act or any applicable state securities laws. The Notes may not be offered, sold or otherwise transferred in the United States or to U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from such registration is available or the transaction is not subject to the registration requirements of the Securities Act. In addition, the Notes may not be offered or sold to persons in the United Kingdom other than to qualified investors or in circumstances which do not require a prospectus to be made available to the public in the United Kingdom within the meaning of Section 85(1) of the Financial Services and Markets Act 2000 (**FSMA**).

No securities commission or similar authority in the United States or elsewhere has reviewed these Listing Particulars or passed on the merits of the securities offered hereunder and any representation to the contrary is an offence. These Listing Particulars are not, and under no circumstances are to be construed as a prospectus or advertisement for a public offering of the securities referred to herein. The distribution of the Notes pursuant to these Listing Particulars is being made only on a private placement basis. Any resale of the Notes acquired hereunder will be subject to applicable securities legislation which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with, or pursuant to an exemption from, prospectus requirements.

This communication is directed only at persons who (i) have professional experience in matters relating to investments, or (ii) are persons falling within Article 49(2) (a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as **relevant persons**). These Listing Particulars are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particulars relate is available only to and should be acted on only by relevant persons.

These Listing Particulars do not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer that any recipient of these Listing Particulars should subscribe for or purchase any Notes. Each recipient of these Listing Particulars shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

The Issuer has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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.

In these Listing Particulars, unless otherwise specified, references to **GBP** or **£** are to the official currency of the United Kingdom.

Neither the admission of the Notes to the Official List nor the approval of these Listing Particulars pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in these Listing Particulars or the suitability of the Issuer for investment or for any other purposes.

Ogier Corporate Finance Limited is acting for the Issuer and for no one else in connection with the Notes Listing and will not be responsible to anyone other than the Issuer.

These Listing Particulars may be used in connection with the listing of an unlimited amount of each of the Class A Notes and the Class Z VFN.

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in these Listing Particulars, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. The Issuer does assume any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in these Listing Particulars;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or

where the currency for principal or interest payments is different from the potential investor's currency;

- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

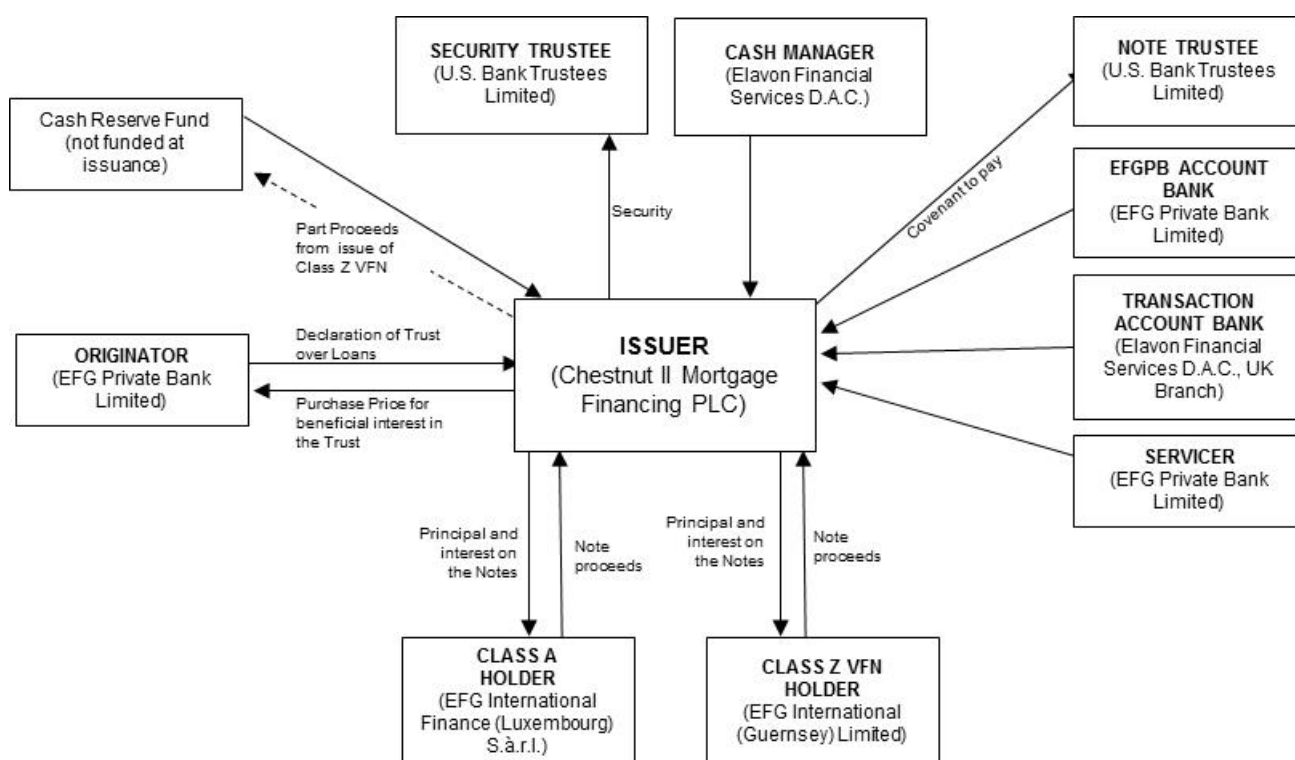
Part 2: Transaction Overview - Structure Diagrams and Transaction Parties on the Closing Date

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in these Listing Particulars.

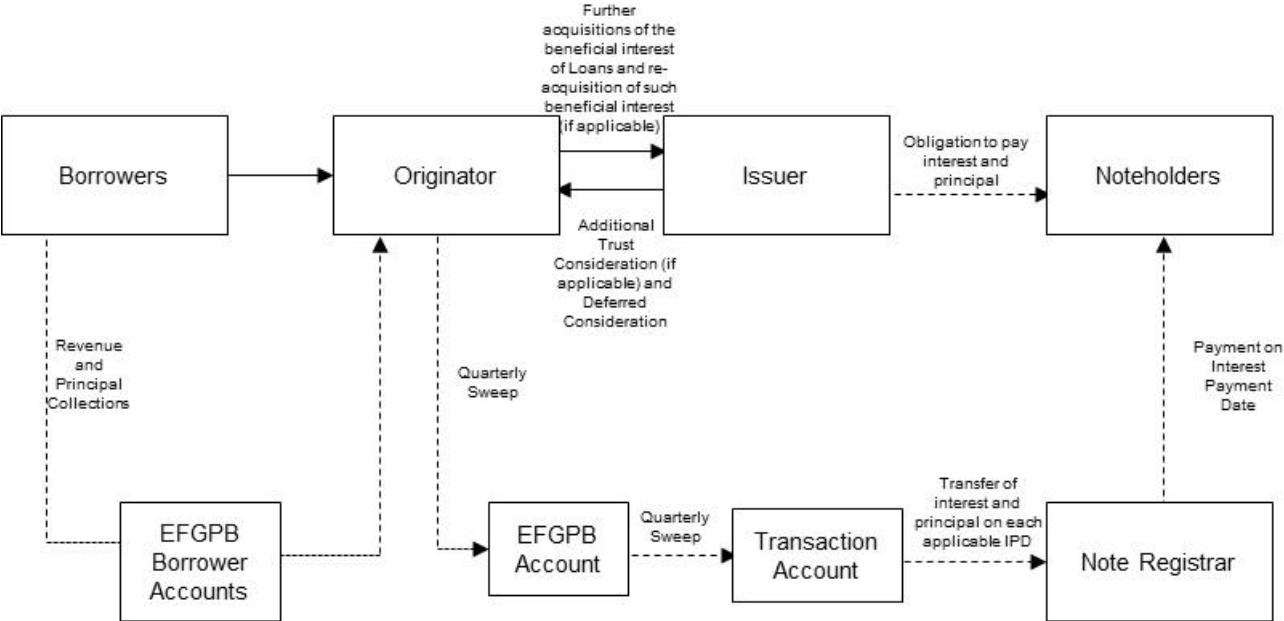
You should read the entire Listing Particulars carefully, especially the risks of investing in the Notes discussed under “Part 5: Risk Factors”.

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

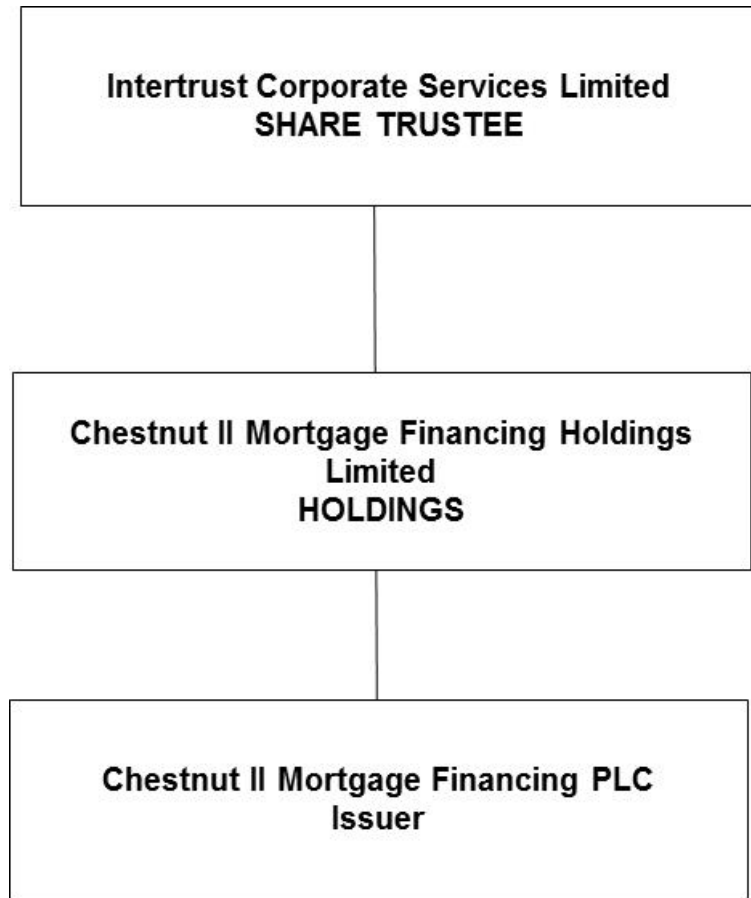
Diagrammatic Overview of the Transaction



Diagrammatic Overview of On-going Cash Flows



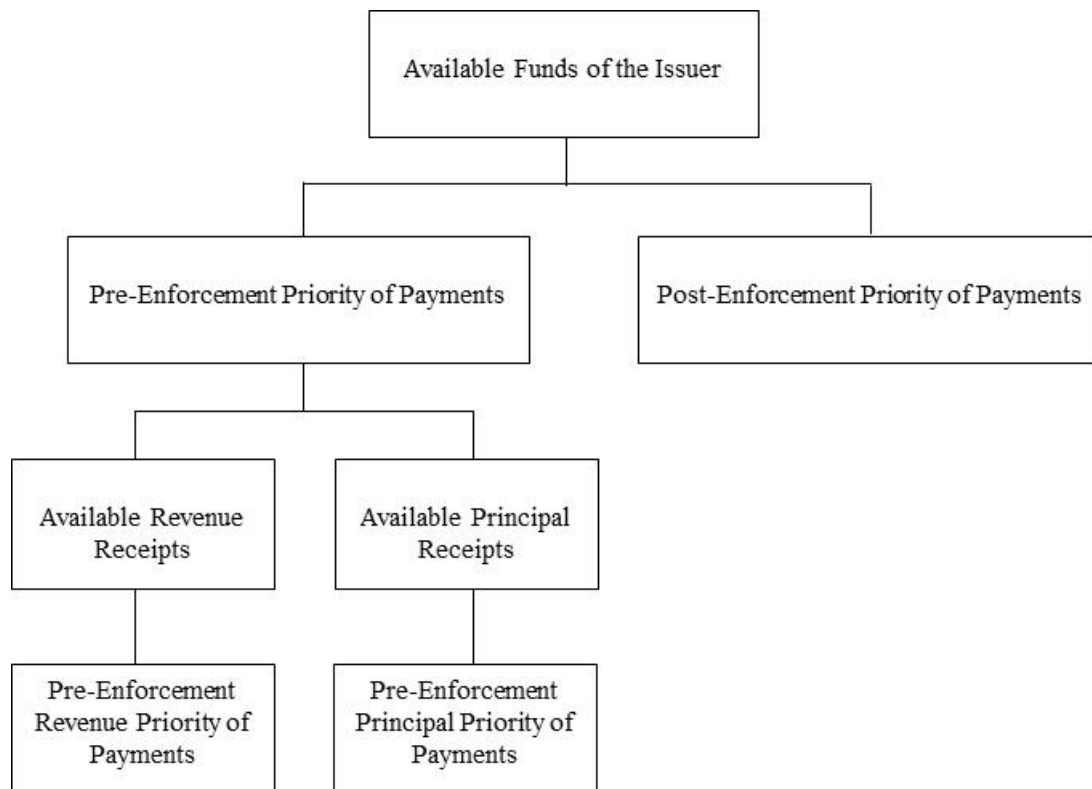
Ownership Structure Diagram of the Issuer



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

- The Issuer is a wholly-owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary trust, the benefit of which is expressed to be for discretionary purposes. The Share Trustee is not affiliated with EFG Private Bank Limited or any member of the EFG Group of companies containing EFG Private Bank Limited. Payments on the Notes will not be affected by this arrangement. See *"Description of Other Transaction Parties – Holdings"*.
- None of the Issuer, Holdings or the Share Trustee is owned or controlled, whether directly or indirectly, by EFG Private Bank Limited or any member of the EFG Group of companies containing EFG Private Bank Limited.

Credit Structure and Cashflow



Transaction Parties on the Closing Date

Party	Name	Address	Appointment/Further Information
Issuer	Chestnut II Mortgage Financing PLC	35 Great St. Helen's, London EC3A 6AP	See the "Part 6: Description of the Issuer" and "Part 7: Directors, management and administration of the Issuer" for further information.
Holdings	Chestnut II Mortgage Financing Holdings Limited	35 Great St. Helen's, London EC3A 6AP	See "Part 8: Description of Other Transaction Parties – Holdings" for further information.
Originator (including in its servicing capacity)	EFG Private Bank Limited	Leconfield House, Curzon Street, London W1J 5JB	See "Part 8: Description of Other Transaction Parties – The Originator" for further information.
Originator Trustee	EFG Private Bank Limited	Leconfield House, Curzon Street, London W1J 5JB	See "Part 8: Description of Other Transaction Parties – The Originator" for further information.
Cash Manager	Elavon Financial Services D.A.C., UK Branch	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Appointed by the Issuer pursuant to Cash Management Agreement. See "Part 8: Description of Other Transaction Parties – The Cash Manager, Note Registrar, Agent Bank and Transaction Account Bank" and "Part 9: Summary of the Key Transaction Documents – Cash Management Agreement" for further information.
Account Banks	EFG Private Bank Limited (the EFGPB Account Bank)	Leconfield House, Curzon Street, London W1J 5JB	Appointed by the Issuer pursuant to EFGPB Bank Account Agreement. See "Part 8: Description of Other Transaction Parties – The Originator" and "Part 9:

Party	Name	Address	Appointment/Further Information <i>Summary of the Key Transaction Documents – EFGPB Bank Account Agreement</i> for further information.
Transaction Account Bank	Elavon Financial Services D.A.C., UK Branch (the Transaction Account Bank and together with the EFGPB Account Bank, the Account Banks)	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Appointed by the Issuer pursuant to the Transaction Account Agreement. See “ <i>Part 8: Description of Other Transaction Parties – The Cash Manager, Note Registrar, Agent Bank and Transaction Account Bank</i> ” and “ <i>Part 9: Summary of the Key Transaction Documents – Transaction Account Agreement</i> ” for further information.
Security Trustee	U.S. Bank Trustees Limited	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Appointed by the Issuer pursuant to Issuer Deed of Charge. See “ <i>Part 4: Terms and Conditions of the Notes – Security</i> ”, “ <i>Part 8: Description of Other Transaction Parties – The Note Trustee and the Security Trustee</i> ” and “ <i>Part 9: Summary of the Key Transaction Documents – Issuer Deed of Charge</i> ” for further information.
Note Trustee	U.S. Bank Trustees Limited	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Appointed by the Issuer pursuant to Note Trust Deed. See “ <i>Part 4: Terms and Conditions of the Notes</i> ”, “ <i>Part 8: Description of Other Transaction Parties – The Note Trustee and the Security Trustee</i> ” and “ <i>Part 9: Summary of the Key Transaction Documents – Note Trust Deed</i> ” for further information.

Party	Name	Address	Appointment/Further Information
Note Registrar and Agent Bank	Elavon Financial Services D.A.C., UK Branch	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Appointed by the Issuer pursuant to the Agency Agreement. See <i>"Part 4: Terms and Conditions of the Notes"</i> , <i>"Part 8: Description of Other Transaction Parties – The Cash Manager, Note Registrar, Agent Bank and Transaction Account Bank"</i> and <i>"Part 9: Summary of the Key Transaction Documents – Agency Agreement"</i> for further information.
Corporate Services Provider	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP	Appointed by the Issuer pursuant to the Corporate Services Agreement. See <i>"Part 8: Description of Other Transaction Parties – The Corporate Services Provider"</i> and <i>"Part 9: Summary of the Key Transaction Documents – Corporate Services Agreement"</i> for further information.

Part 3a: Summary of the Class A Notes Listing

The following is a summary of the Notes Listing for the Class A Notes, which is qualified in its entirety by the remainder of these Listing Particulars. Words and expressions defined in the Terms and Conditions of the Notes (the **Conditions**) shall have the same meanings in this summary. An index of defined terms is set out at the end of these Listing Particulars.

Issuer:	Chestnut II Mortgage Financing PLC
Description of placement:	The placement of the Class A Notes was made on a non-syndicated basis to intra-group, sophisticated or institutional investors only. The Class A Notes were purchased by EFG International Finance (Luxembourg) S.à.r.l. (as initial Class A Holder) on the Closing Date pursuant to a note purchase agreement dated the Closing Date among the Class A Holder, the Class Z VFN Holder, the Issuer and the Originator (the Note Purchase Agreement).
Listing Agent:	Ogier Corporate Finance Limited.
Listing:	Application has been made for the Class A Notes to be listed and admitted to trading on the Official List of the Exchange.
Size:	£253,600,000 aggregate principal amount of Class A Notes.
ISIN:	Not applicable.
Purpose:	The Class A Notes were issued by the Issuer on 25 August 2017 (the Closing Date) and purchased by EFG International Finance (Luxembourg) S.à.r.l. for the purpose(s) of refinancing of an existing securitisation sponsored by the Originator.
Credit enhancement and liquidity support features:	<p>In respect of the Class A Notes only:</p> <ul style="list-style-type: none">• subordination of the Class Z VFN;• the application in certain circumstances of Principal Receipts to provide for any Revenue Deficiency in the Available Revenue Receipts;• Excess Available Revenue Receipts; and• to the extended funded by the Class Z VFN following the Closing Date, the Cash Reserve Fund. <p>See “Part 4: Terms and Conditions of the Notes”, “Part 10: Credit Structure” and “Part 11: Cashflows”.</p>
Security:	The Class A Notes are secured by the following security pursuant to a deed of charge entered into on the Closing Date among the Issuer, the Security Trustee, the Note Trustee, the Originator, the Originator Trustee, the Account Banks, the Cash Manager, the Agent Bank, the Note Registrar and

the Corporate Services Provider (the **Issuer Deed of Charge**):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (other than the Note Trust Deed, Note Purchase Agreement and Issuer Deed of Charge itself) (subject to any rights of set-off or netting provided for therein);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's beneficial interest in the Trust Assets;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies acquired by the Issuer pursuant to the Originator Trust Deed;
- (d) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in the Issuer Bank Accounts and any other account (including any securities accounts) in which it has an interest and any sums or securities standing to the credit thereof;
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer; and
- (f) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge or assignment but extending over all of the Issuer's property, assets, rights and revenues (whether or not the subject of fixed charge or assignment as aforesaid).

See "*Part 9: Summary of the Key Transaction Documents – Issuer Deed of Charge*".

Guarantee: Not applicable.

Form of the Class A Notes: The Class A Notes have been issued in uncertificated registered form in authorised denominations set out below. The Issuer will maintain a register, to be kept on the Issuer's behalf by the Note Registrar, in which the Class A Notes will be registered in the name of the Class A Holder.

Status of the Notes: The Notes are secured obligations of the Issuer and limited in recourse, as described in Conditions 3.1 and 11.4, respectively.

The Class A Notes will rank *pari passu* and ratably without any preference or priority among themselves as to payments of principal and interest.

Ranking of the Amounts due in respect of the Class A Notes will rank in priority to amounts

Class A Notes: due in respect of the Class Z VFN.

Certain amounts due by the Issuer to its other Secured Creditors will rank in priority to amounts due in respect of the Notes.

See "*Part 4: Terms and Conditions of the Notes*" and "*Part 11: Cashflows*".

Transfer of the Class A Notes: The Class A Notes may be transferred in accordance with the provisions of the Note Trust Deed. Transfers of all or any portion of the interest in the Class A Notes may be made only through the register maintained by the Note Registrar. Transfers of the Class A Notes are subject to restrictions (see "*Part 14: Transfer Restriction*").

Issue price: 100%.

Payment of purchase price: Payment of the purchase price of the Class A Notes was made by the relevant holders of the Notes (the **Class A Noteholders**) to a bank account as the Issuer requested in writing on or before the Closing Date.

Final Maturity Date: The Interest Payment Date falling in November 2035.

Redemption: Prior to the occurrence of a Note Event of Default, the Class A Notes are subject to the following optional or mandatory redemption events:

- mandatory redemption in whole on the Interest Payment Date falling in November 2035 (the **Final Maturity Date**), as fully set out in Condition 7.1 (*Redemption on the Final Maturity Date*);
- mandatory partial redemption in part on each Interest Payment Date commencing at the end of the Revolving Period, subject to availability of Available Principal Receipts and Available Revenue Receipts which shall be applied in accordance with the applicable Priorities of Payments as fully set out in Condition 7.2 (*Mandatory Redemption following the end of the Revolving Period*);
- if an Early Amortisation Event has occurred or will occur on the next Interest Payment Date (as determined by the Cash Manager on the relevant Calculation Date), mandatory partial redemption in part on each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding the Calculation Date, subject to availability of Available Revenue Receipts and Available Principal Receipts, which shall be applied in accordance with the applicable Priorities of Payments as fully set out in Condition 7.3 (*Mandatory Redemption following the occurrence of an Early Amortisation Event*);
- optional redemption of the Class A Notes exercisable by the Issuer in whole on the Optional Redemption Date, as fully set out in Condition 7.4 (*Optional Redemption of the Notes in Full*);

- optional redemption of the Class A Notes exercisable by the Issuer in whole for tax reasons on any Interest Payment Date following the date on which there is a change in tax law or other law, as fully set out in Condition 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*); and
- mandatory redemption of the Notes following the exercise by the Originator of the Regulatory Change Option or the Accounting Change Option as fully set out in Condition 7.6 (*Mandatory Redemption of the Notes following the exercise of the Regulatory Change Option or the Accounting Change Option by the Originator*).

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

See “*Part 4: Terms and Conditions of the Notes – 7. Redemption*”.

Interest: 3 month GBP LIBOR plus the Relevant Margin

The Relevant Margin for the Class A Notes is 0.75% per annum.

Interest on the Class A Notes will be payable on 25th day of February, May, August and November of each year with the first payment due on 27 November 2017 for the period from 25 August 2017 to but excluding 27 November 2017.

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

Early Amortisation Events: Prior to the end of the Revolving Period, each of the following events, determined as of each Calculation Date (unless otherwise specified below), shall constitute an **Early Amortisation Event**:

- the Cumulative Net Default Ratio exceeds 4% at any Interest Payment Date from (and including) the Closing Date up to and including the Interest Payment Date in August 2018, 7% at any Interest Payment Date from but excluding the Interest Payment Date in August 2018 to and including the Interest Payment Date in August 2019, 10% at any Interest Payment Date from but excluding the Interest Payment Date falling in August 2019 to and including the Interest Payment Date in August 2020, 13% at any Interest Payment Date from but excluding the Interest Payment Date falling in August 2020 to and including the Interest Payment Date in August 2021 and 16% at any Interest Payment Date from but excluding the Interest Payment Date falling in August 2021 to and including the Interest payment Date in August 2022;

- the occurrence of a Servicing Termination Event;
- if there is a debit balance on the Principal Deficiency Ledger on an Interest Payment Date, having taken into account payments to be made on such Interest Payment Date;
- if on two consecutive Interest Payment Dates, the amount credited to the Retained Principal Ledger exceeds 20% of the outstanding principal balance of the Loans;
- if the Cash Reserve has been funded, the balance standing to the credit of the Cash Reserve Fund is less than the Cash Reserve Required Balance on an Interest Payment Date, having taken into account payments to be made on such Interest Payment Date;
- if any amount deposited in the Retained Principal Ledger has not been withdrawn for the purpose of purchasing Additional Loans for a period of 12 months following the date of deposit;
- if the aggregate Current Balance of the Fixed Rate Loans in the Portfolio exceeds 5% of the aggregate Current Balance of the Loans in the Portfolio;
- if the Class Z VFN Holder fails to provide any funding under the Class Z VFN requested by the Issuer (or the Cash Manager on its behalf) pursuant to Condition 16 (*Class Z VFN*); and
- if the Loss Ratio is greater than or equal to 2%.

Cumulative Net Default Ratio: The **Cumulative Net Default Ratio** means the ratio, determined by the Originator, in its servicing capacity, on each Calculation Date, of (a) the cumulative amount of all Defaulted Amounts arising on the Loans since the Closing Date minus the sum of (i) the cumulative amount of all Recoveries on Defaulted Loans since the Closing Date plus (ii) the aggregate Re-acquisition Value of all Defaulted Loans re-acquired by the Originator (or an EFG Delegate) since the Closing Date; divided by (b) the sum of (i) the Current Balance (as at the Closing Date) of the Initial Portfolio plus (ii) the Current Balance (as at the applicable Additional Trust Date) of all Additional Portfolios the beneficial interest of which has been transferred or will be transferred at the immediately succeeding Interest Payment Date to the Issuer plus (iii) the sum of the cumulative Principal Incremental Balance of the Loans in the Portfolio.

Defaulted Amount means the Current Balance of each Loan that has become a **Defaulted Loan**.

Recoveries on Defaulted Loans means any amount recovered by the Originator, in its servicing capacity, in relation to each Defaulted Loan, excluding the Current Re-acquisition Value of any Defaulted Loan paid by

the Originator (or an EFG Delegate) to the Issuer for the re-acquisition of such Defaulted Loan.

Principal Incremental Balance means the amount of any increase in the Current Balance of a Loan by way of a Further Advance calculated as at the relevant Further Advance Trust Date, less (if applicable) an amount equal to the Further Advance Trust Consideration paid from a further drawing under the Class Z VFN in relation to such Further Advance.

Loss Ratio: The **Loss Ratio** means the ratio, determined by the Originator, in its servicing capacity, on each Calculation Date, of the cumulative Losses on the Portfolio since the Closing Date divided by the sum of (i) the aggregate Current Balance (as at the Closing Date) of the Loans in the Initial Portfolio plus (ii) the aggregate Current Balance of all Additional Loans (calculated as at the relevant Additional Trust Date in relation to such Additional Loans) the beneficial interest in which has been transferred (or will be transferred prior to the immediately succeeding Interest Payment Date) to the Issuer.

For the purposes of the calculation of the Loss Ratio, Losses shall be deemed to include the aggregate Current Re-acquisition Value of all Defaulted Loans re-acquired by the Originator (or an EFG Delegate) since the Closing Date.

Early Amortisation Event Test Date: On each Calculation Date, the Cash Manager shall determine if an Early Amortisation Event will occur on the next Interest Payment Date, taking into account payments to be made on such Interest Payment Date. In the event that an Early Amortisation Event will occur on the next following Interest Payment Date, the Cash Manager shall notify the Issuer, the servicer, the Note Trustee and the Security Trustee of such determination prior to such Interest Payment Date.

Events of Default: Note Events of Default in respect of the Class A Notes are fully set out in Condition 10.1 (*Note Events of Default in respect of Class A Notes*) and include the following events (where relevant, subject to the applicable grace period):

- non-payment of interest and/or principal in respect of the Class A Notes;
- breach of contractual obligations by the Issuer under the Transaction Documents which in the opinion of the Note Trustee is materially prejudicial to the Class A Noteholders; and
- the occurrence of certain insolvency events in respect of the Issuer.

See "*Part 4: Terms and Conditions of the Notes – 10.1 Note Events of Default in respect of Class A Notes*".

Consequences of a Note Event: Following the occurrence of a Note Event of Default in respect of the Class A Notes, the Class A Notes will accelerate and the Security Trustee may

of Default:	enforce the Issuer Security.
Limited Recourse:	The Class A Notes are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 11.4 (<i>Limited Recourse</i>).
Deferred Interest:	Not applicable.
Withholding tax:	All payments in respect of Class A Notes will be made free and clear of withholding taxes unless law requires the withholding. In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to the Class A Noteholders of any amounts due under the Class A Notes, none of the Issuer or any other person is obliged to gross up or otherwise compensate the Class A Noteholders for the lesser amounts the Class A Noteholders will receive as a result of such withholding or deduction.
Governing law:	English law.
Ratings:	The Class A Notes are not rated.
Underlying Assets:	The Issuer will make payments on the Class A Notes from, <i>inter alia</i> , payments of principal and revenue received from a portfolio comprising mortgage loans originated by EFG Private Bank Limited (in such capacity, the Originator) and secured over residential properties located in England (the Initial Portfolio) over which a trust was declared on the First Trust Date (being the Closing Date) by the Originator in favour of the Issuer. EFG Private Bank Limited (in its capacity as the Originator Trustee) will act as trustee of such trust in favour of the Issuer absolutely. During the Revolving Period, the Originator may, on a quarterly basis, offer for acquisition the beneficial interest in additional mortgage loans (the Additional Loans and each an Additional Loan). If the Issuer acquires the beneficial interest in any Additional Loan on any date during the Revolving Period, the Originator Trustee will hold the beneficial interest in such Additional Loan on trust for the Issuer. The characteristics of the mortgage loans comprising the Portfolio are described in detail in these Listing Particulars. Generally, such mortgage loans are made to high net worth individuals or to corporate entities associated with such persons, and sometimes secured over multiple properties. See “ <i>Part 9: Summary of the Key Transaction Documents – Originator Trust Deed</i> ” and “ <i>Part 13: Characteristics of the Portfolio</i> ” for further details.
Use of Proceeds:	The Issuer will use the net proceeds of the issue of the Class A Notes to pay a portion of the Initial Trust Consideration payable by the Issuer for the beneficial interest in the Loans and their Related Security comprised in the Initial Portfolio, in accordance with the terms of the Originator Trust Deed.

Part 3b: Summary of the Class Z VFN Listing

The following is a summary of the Notes Listing for the Class Z VFN, which is qualified in its entirety by the remainder of these Listing Particulars. Words and expressions defined in the Conditions shall have the same meanings in this summary. An index of defined terms is set out at the end of these Listing Particulars.

Issuer:	Chestnut II Mortgage Financing PLC
Description of placement:	The placement of the Class Z VFN Notes was made on a non-syndicated basis to intra-group, sophisticated or institutional investors only. The Class Z VFN were purchased by EFG International (Guernsey) Limited (the Class Z VFN Holder) on the Closing Date pursuant to the Note Purchase Agreement.
Listing Agent:	Ogier Corporate Finance Limited.
Listing:	Application has been made for the Class Z VFN Notes to be listed and admitted to trading on the Official List of the Exchange.
Size:	£135,000,000 aggregate principal amount of Class Z VFN (of which £100,608,000 was subscribed for on the Closing Date).
Variable Funding Note:	<p>The Class Z VFN is a variable funding note. Prior to the Class Z VFN Commitment Termination Date, the Class Z VFN will have a maximum principal amount of £135,000,000 or such other greater amount as may be agreed from time to time by the Issuer and the Class Z VFN Holder) and notified to the Note Trustee (the Maximum Class Z VFN Amount), that can be funded by the Class Z VFN Holder at the request of the Issuer.</p> <p>The commitment of the Class Z VFN Holder to advance further amounts under the Class Z VFN will be extinguished on the earlier to occur of:</p> <ul style="list-style-type: none">(a) an Early Amortisation Event;(b) a Note Event of Default; and(c) the Final Maturity Date, <p>(the Class Z VFN Commitment Termination Date).</p> <p>The maximum principal amount outstanding under the Class Z VFN shall not exceed the Maximum Class Z VFN Amount.</p>
ISIN:	Not applicable.
Purpose:	The Class Z VFN was issued by the Issuer on the Closing Date and purchased by EFG International (Guernsey) Limited for the purpose of providing credit enhancement to the Class A Notes.

Credit enhancement: In respect of the Class Z VFN, Excess Available Revenue Receipts. See “*Part 10: Credit Structure*” and “*Part 11: Cashflows*”.

Security: The Class Z VFN is secured by the following security pursuant to the Issuer Deed of Charge (the same security as for the Class A Notes):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer’s right, title, interest and benefit in and to the Transaction Documents (other than the Note Trust Deed, Note Purchase Agreement and Issuer Deed of Charge itself) (subject to any rights of set-off or netting provided for therein);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer’s beneficial interest in the Trust Assets;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer’s right, title, interest and benefit to and under insurance policies acquired by the Issuer pursuant to the Originator Trust Deed;
- (d) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer’s interest in the Issuer Bank Accounts and any other account (including any securities accounts) in which it has an interest and any sums or securities standing to the credit thereof;
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer’s interest in all Authorised Investments permitted to be made by the Issuer; and
- (f) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge or assignment but extending over all of the Issuer’s property, assets, rights and revenues (whether or not the subject of fixed charge or assignment as aforesaid).

See “*Part 9: Issuer Deed of Charge*”.

Guarantee: Not applicable.

Form of Class Z VFN: The Class Z VFN have been issued in uncertificated registered form in authorised denominations below pursuant to the Note Trust Deed. The Issuer will maintain a register, to be kept on the Issuer’s behalf by the Note Registrar, in which the Class Z VFN will be registered in the name of the

Class Z VFN Holder.

Status of Class Z VFN:	The Notes are secured obligations of the Issuer and limited in recourse, as described in Conditions 3.1 and 11.4, respectively.
Ranking of Class Z VFN:	<p>Amounts due in respect of the Class Z VFN will be subordinated to amounts due in respect of the Class A Notes.</p> <p>Certain amounts due by the Issuer to its other Secured Creditors will rank in priority to amounts due in respect of the Notes.</p> <p>See "<i>Part 4: Terms and Conditions of the Notes</i>" and "<i>Part 11: Cashflows</i>".</p>
Transfer of the Class Z VFN:	<p>The Class Z VFN may be transferred in accordance with the provisions of the Note Trust Deed. Transfers of all or any portion of the interest in the Class Z VFN may be made only through the register maintained by the Note Registrar. Transfers of the Class Z VFN are subject to restrictions (see "<i>Part 14: Transfer Restriction</i>").</p> <p>It is not expected that the Class Z VFN will be transferred so long as the Class A Notes remain outstanding.</p>
Issue price:	100%.
Payment of purchase price:	Payment of the purchase price of the Class Z VFN was made by the relevant Noteholders to a bank account as the Issuer requested in writing on or before the Closing Date.
Final Maturity Date:	The Interest Payment Date falling in November 2035.
Redemption:	<p>Prior to the occurrence of a Note Event of Default, the Class Z VFN are subject to the following optional or mandatory redemption events:</p> <ul style="list-style-type: none">• mandatory redemption in whole on the Interest Payment Date falling in November 2035 (the Final Maturity Date), as fully set out in Condition 7.1 (<i>Redemption on the Final Maturity Date</i>);• mandatory partial redemption in part on each Interest Payment Date commencing at the end of the Revolving Period, subject to availability of Available Principal Receipts and Available Revenue Receipts which shall be applied in accordance with the applicable Priorities of Payments as fully set out in Condition 7.2 (<i>Mandatory Redemption following the end of the Revolving Period</i>);• if an Early Amortisation Event has occurred or will occur on the next Interest Payment Date (as determined by the Cash Manager on the relevant Calculation Date), mandatory partial redemption in part on each Interest Payment Date, commencing on the Interest Payment

Date immediately succeeding the Calculation Date, subject to availability of Available Revenue Receipts and Available Principal Receipts, which shall be applied in accordance with the applicable Priorities of Payments as fully set out in Condition 7.3 (*Mandatory Redemption following the occurrence of an Early Amortisation Event*);

- optional redemption exercisable by the Issuer in whole on the Optional Redemption Date, as fully set out in Condition 7.4 (*Optional Redemption of the Notes in Full*);
- mandatory redemption following the exercise by the Originator of the Regulatory Change Option or the Accounting Change Option as fully set out in Condition 7.6 (*Mandatory Redemption of the Notes following the exercise of the Regulatory Change Option or the Accounting Change Option by the Originator*); and
- mandatory redemption of the Class Z VFN in an amount equal to the amount funded by the Class Z VFN Holder upon the acquisition by the Issuer of the beneficial interest in a Tranche Loan on the Interest Payment Date immediately following the lapse of the relevant Tranche Loan Commitment, as fully set out in Condition 7.7 (*Redemption of the Class Z VFN following the lapse of a Tranche Loan Commitment*).

The Class Z VFN redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding up to (but excluding) the date of redemption.

See “*Part 4: Terms and Conditions of the Notes – 7. Redemption*”.

Interest: 3 month GBP LIBOR plus the Relevant Margin

The Relevant Margin for the Class Z VFN is 5.50% per annum.

Interest on the Class Z VFN will be payable on 25th day of February, May, August and November of each year with the first payment due on 27 November 2017 for the period from 25 August 2017 to but excluding 27 November 2017.

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

Early Amortisation Events: On each Calculation Date, the Cash Manager shall determine if an Early Amortisation Event will occur on the next Interest Payment Date, taking into account payments to be made on such Interest Payment Date. In the event that an Early Amortisation Event will occur on the next following Interest Payment Date, the Cash Manager shall notify the Issuer, the servicer, the Note Trustee and the Security Trustee of such determination

prior to such Interest Payment Date.

Events of Default: Note Events of Default in respect of the Class Z VFN are fully set out in Condition 10.2 (*Note Events of Default in respect of Class Z VFN*) and include the following events (where relevant, subject to the applicable grace period):

- non-payment of interest and/or principal in respect of the Class Z VFN;
- breach of contractual obligations by the Issuer under the Transaction Documents which in the opinion of the Note Trustee is materially prejudicial to the Class Z VFN Holder; and
- the occurrence of certain insolvency events in respect of the Issuer.

See "*Part 4: Terms and Conditions of the Notes – 10.2 Note Events of Default in respect of Class Z VFN*".

Consequences of a Note Event of Default: Following the occurrence of a Note Event of Default, the Class Z VFN Notes will accelerate and the Security Trustee may enforce the Issuer Security; provided however that no Note Event of Default in respect of the Class Z VFN shall apply as long as any Class A remains outstanding.

Limited Recourse: The Class Z VFN are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 11.4 (*Limited Recourse*).

Deferred Interest: If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding prior to the service of a Note Acceleration Notice, the Issuer has insufficient funds to pay interest on the Class Z VFN after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer is entitled to defer payment of interest on the Class Z VFN to the next Interest Payment Date as set out in the Conditions (see "*Part 4: Terms and Conditions of the Notes – 15. Subordination by Deferral*").

Any amounts of Deferred Interest in respect of the Class Z VFN shall accrue interest at the same rate and on the same basis as scheduled interest in respect of the Class Z VFN, but shall not be capitalised.

Withholding tax: All payments in respect of Class Z VFN will be made free and clear of withholding taxes unless law requires the withholding. In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to the Class Z VFN Holder of any amounts due under the Class Z VFN, none of the Issuer or any other person is obliged to gross up or otherwise compensate the Class Z VFN Holder for the lesser amounts the Class Z VFN Holder will receive as a result of such withholding or deduction.

- Governing law: English law.
- Ratings: The Class Z VFN are not rated.
- Underlying Assets: The Issuer will make payments on the Class A Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans originated by the Originator and secured over the Initial Portfolio over which a trust was declared on the First Trust Date (being the Closing Date) by the Originator in favour of the Issuer. EFG Private Bank Limited (in its capacity as the Originator Trustee) will act as trustee of such trust in favour of the Issuer absolutely. During the Revolving Period, the Originator may, on a quarterly basis, offer for acquisition the beneficial interest in Additional Loans. If the Issuer acquires the beneficial interest in any Additional Loan on any date during the Revolving Period, the Originator Trustee will hold the beneficial interest in such Additional Loan on trust for the Issuer. The characteristics of the mortgage loans comprising the Portfolio are described in detail in these Listing Particulars. Generally, such mortgage loans are made to high net worth individuals or to corporate entities associated with such persons, and sometimes secured over multiple properties. See “*Part 9: Summary of the Key Transaction Documents – Originator Trust Deed*” and “*Part 13: Characteristics of the Portfolio*” for further details.
- Use of Proceeds: The Issuer will use the gross proceeds of the issue of the Class Z VFN to fund (i) to the extent that the proceeds of the Class A Notes are insufficient to pay the Initial Trust Consideration on the First Trust Date, the remaining portion of the Initial Trust Consideration for the Initial Portfolio, and (ii) the Tranching Loans Prefunding Ledger on the First Trust Date in relation to the Tranching Loans in the Initial Portfolio (if applicable) and (iii) initial expenses of the Issuer incurred in connection with the issue of the Notes on the First Trust Date.

Part 4: Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes (and any reference to a Condition shall be construed accordingly) in the form (subject to amendment) in which they will be set out in the Note Trust Deed (as defined below).

1. GENERAL

The £253,600,000 class A floating rate notes due November 2035 (the **Class A Notes**) and the £135,000,000 variable funded note due November 2035 (the **Class Z VFN** and, together with the Class A Notes, the **Notes**), in each case of Chestnut II Mortgage Financing PLC (the **Issuer**) are constituted by a trust deed (the **Note Trust Deed**) dated on or about 25 August 2017 (the **Closing Date**) and made between, *inter alios*, the Issuer and U.S. Bank Trustees Limited as note trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a Class of Notes or of Noteholders shall be a reference to the Class A Notes or the Class Z VFN, as the case may be, or to the respective holders thereof, in each case except where the context otherwise requires.

The security for the Notes is constituted by and pursuant to a deed of charge (the **Issuer Deed of Charge**) dated on or about the Closing Date and made between, *inter alios*, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on or about the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services D.A.C., UK Branch as note registrar (in such capacity, the **Note Registrar**) and Elavon Financial Services D.A.C., UK Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement and the master definitions and construction schedule entered into by, *inter alios*, the Issuer, the Note Trustee and the Security Trustee on the Closing Date (the **Master Definitions and Construction Schedule**) and the other Transaction Documents (as defined therein).

Copies of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection and collection during normal business hours at the specified office for the time being of the Note Registrar. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

2. FORM, DENOMINATION AND TITLE

2.1 *Form and Denomination*

The Notes will be in dematerialised registered form.

The Notes have a minimum denomination of £100,000 and may be issued and redeemed in integrals of £1,000. No certificate evidencing entitlement to the Notes will be issued.

The Class A Notes will be issued on the Closing Date with a nominal principal amount of £253,600,000.

The Class Z VFN will be issued on the Closing Date with a nominal principal amount of £135,000,000 and a Principal Amount Outstanding of £100,608,000 will be subscribed for on the Closing Date. So long as the Class A Notes are outstanding, the Principal Amount Outstanding of the Class Z VFN shall not fall below 5% of the aggregate Current Balance of the Loans as at the Closing Date. If a further funding is made in respect of any of the Class Z VFN, the Note Registrar shall record such increase in the Principal Amount Outstanding of the Class Z VFN in the Class Z VFN Register.

Each Class of Notes is being sold only to a person who is not a U.S. Person as defined in Regulation S under the U.S. Securities Act of 1933, as amended.

For the purposes of these Conditions, **outstanding** means, in relation to the Notes, all the Notes issued from time to time other than:

- (a) those Notes which have been redeemed in full and cancelled pursuant to the Conditions;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Note Registrar in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with these Conditions) and remain available for payment against presentation of the relevant Notes;
- (c) those Notes which have been cancelled in accordance with Condition 7.11 (*Cancellation*) of the Notes;
- (d) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 9 (*Prescription*) of the Notes,

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders of any Class or Classes, an Extraordinary Resolution in writing or an Ordinary Resolution in writing as envisaged by paragraph 1 of Schedule 2 to the Note Trust Deed and any direction or request by the holders of Notes of any Class or Classes;

- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 9.1 of, and Schedule 2 to, the Note Trust Deed, Conditions 10 (*Events of Default*) and 11 (*Enforcement*) of the Notes;
- (iii) any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and
- (iv) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Originator, any holding company of any of them or any other Subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Originator, any holding company of the Originator or any other Subsidiary of such holding company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other 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, then the Relevant Class of Notes shall be deemed not to remain outstanding.

2.2 **Title**

Title to a Class A Note and the Class Z VFN shall only pass by and upon registration of the transfer in the Class A Register and the Class Z VFN Register (respectively) provided that no transferee shall be registered as a new Class A Holder or a new Class Z VFN Holder (as applicable) unless such transferee has certified to the Note Registrar that it is (A) a person falling within paragraph 3 of Schedule 2A to the Insolvency Act 1986, and (B) independent of the Issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006.

Noteholders means (i) the person(s) in whose name a Class A Note is registered in the Class A Note Register and (ii) the person(s) in whose name a Class Z VFN is registered in the Class Z VFN Register (or in the case of joint holders, the first named thereof).

Class A Holder means holder(s) of the Class A Notes.

Class Z VFN Holder means holder(s) of the Class Z VFN.

3. **STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY**

3.1 **Status and relationship between the Notes**

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes will rank *pari passu* and pro rata without any preference or priority among themselves as to payments of principal and interest.
- (b) The Class Z VFN constitutes direct, secured and (subject as provided in Condition 15 (*Subordination by Deferral*) and the limited recourse provisions in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class Z VFN rank junior to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class Z VFN Holder will be subordinated to the interests of the Class A Holder (so long as any Class A Notes remain outstanding).
- (c) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise) but requiring the Note Trustee in any such case to have regard only to the interests of the Class A Holder if, in the Note Trustee's opinion, there is a conflict between the interests of the Class A Holder and those of the Class Z VFN Holder. As long as the Notes are outstanding but subject to Condition 12.4, the Security Trustee shall not have regard to the interests of the other Secured Creditors.
- (d) The Note Trust Deed and the Issuer Deed of Charge contain provisions limiting the powers of the Class Z VFN Holder to request or direct the Note Trustee or the Security Trustee to take any action according to the effect thereof on the interests of the Class A Holder.
- (e) Except in certain circumstances set out in the Note Trust Deed and the Issuer Deed of Charge, there is no such limitation on the powers of the Class A Holder, the exercise of which will be binding on the Class Z VFN Holder.

3.2 **Security**

- (a) The security constituted by or pursuant to the Issuer Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders and the other Secured Creditors, upon and subject to the terms and conditions of the Issuer Deed of Charge.
- (b) The Noteholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Issuer Deed of Charge, upon and subject to the terms and conditions of the Issuer Deed of Charge.

4. **COVENANTS**

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) *Negative pledge*: create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) *Restrictions on activities*: (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) *Disposal of assets*: transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) *Equitable Interest*: permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) *Dividends or distributions*: pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the Priorities of Payments which are available for distribution in accordance with the Issuer's Memorandum and Articles of Association and with applicable laws or issue any further shares;
- (f) *Indebtedness*: incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;
- (g) *Merger*: consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (h) *No modification or waiver*: permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) *Bank accounts*: have an interest in any bank account other than the Issuer Bank Accounts, unless such account or interest therein is charged to the Security Trustee;
- (j) *US activities*: engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it

to be engaged in a trade or business within the United States as determined under United States income tax principles;

- (k) *Corporation tax*: prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006; or
- (l) *VAT*: apply to become part of any group for the purposes of sections 43 to 43D of the Value Added Tax Act 1994 and the VAT (Groups: eligibility) Order (S.I. 2004/1931) with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal any of the same.

5. INTEREST

5.1 *Interest Accrual*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 6 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Note Trust Deed.

5.2 *Interest Payment Dates*

Interest on the Notes will be payable quarterly in arrears on the 25th day of February, May, August and November in each year or, if such day is not a Business Day, on the immediately succeeding Business Day (each such date being an Interest Payment Date). The first Interest Payment Date will be the Interest Payment Date falling in November 2017.

In these Conditions, Interest Period shall mean 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 for the Notes, where it shall mean the period from (and including) the Closing Date to (but excluding) the Interest Payment Date in November 2017).

5.3 *Rate of Interest*

- (a) The rate of interest payable from time to time in respect of each class of the Notes (each a Rate of Interest and together the Rates of Interest) will be determined on the basis of the following provisions:
 - (i) the Agent Bank will determine the Relevant Screen Rate as at or about 11.00 a.m. (London time) on the Interest Determination Date in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for three-month Sterling

deposits in the London interbank market as at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. The Rates of Interest for the relevant Interest Period shall be the aggregate of (A) the Relevant Margin and (B) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three-month Sterling deposits (rounded upwards, if necessary, to five decimal places)); and

- (ii) if, on any Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of subparagraph (A) above on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank and the Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rates of Interest for the relevant Interest Period shall be the Rates of Interest in effect for the last preceding Interest Period to which subparagraph (A) shall have applied but taking account of any change in the Relevant Margin.

There will be no minimum or maximum Rate of Interest.

- (b) In these Conditions (except where otherwise defined), the expression:
 - (i) **Business Day** means a day (other than a Saturday or Sunday) on which banks are generally open for business in London;
 - (ii) **LIBOR** means the London Interbank Offered Rate or, if the London Interbank Offered Rate is phased out, a different index as agreed between the Issuer and the Agent Bank with the consent of the Noteholders;
 - (iii) **Reference Banks** means the principal London office of each of five major banks engaged in the London interbank market selected by the Agent Bank with the approval of the Issuer, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;
 - (iv) **Relevant Margin** means in respect of each Class of the Notes the following per cent. per annum:

- (A) in respect of the Class A Notes, 0.75% per annum (the **Class A Margin**); and
- (B) in respect of the Class Z VFN, 5.50% per annum (the **Class Z VFN Margin**);
- (v) **Relevant Screen Rate** means the arithmetic mean of offered quotations for three-month Sterling deposits in the London interbank market displayed on the Reuters Screen page LIBOR01 or Bloomberg screen BP0003M; and
- (vi) **Interest Determination Date** means the first day of the Interest Period for which the rate will apply.

5.4 ***Determination of Rates of Interest and Interest Amounts***

The Agent Bank shall, as soon as practicable after (a) 11.00 a.m. (London time) on each Interest Determination Date but in no event later than the third Business Day thereafter, determine the amount (the Interest Amounts) in respect of the Notes, payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.

The Interest Amounts shall be determined by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 (or, if any portion of the Interest Period concerned falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period concerned falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period concerned falling in a non-leap year divided by 365) and rounding the resulting figure downwards to the nearest penny.

5.5 ***Publication of Rates of Interest and Interest Amounts***

The Agent Bank shall cause the Rates of Interest and the Interest Amounts for each Interest Period and each Interest Payment Date to be (i) notified to the Issuer, the Cash Manager, the Note Trustee and the Note Registrar (as applicable) and (ii) published in accordance with Condition 14 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6 ***Determination by the Note Trustee***

The Note Trustee may, but shall not be obliged to, without liability therefor, if the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and Interest Amounts in accordance with the above provisions and the Note Trustee has been notified of this default by the Cash Manager, determine or cause to be determined the Rates of Interest and Interest Amounts, the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the Sterling Interest Amounts in the manner provided in Condition 5.4 (*Determination of Rates of Interest and Interest*

Amounts). In each case, the Note Trustee may, at the expense of the Issuer, employ an expert to make the determination and any such determination shall be deemed to be determinations made by the Agent Bank. The Note Trustee shall have no liability to any person in connection with any determination, purported determination, purported calculation or calculation (including with regard to the timelines thereof) it may make pursuant to this Condition 5.6 (*Determination by the Note Trustee*).

5.7 **Notifications, etc. to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Reference Banks (or any of them), the Agent Bank, the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence, or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Agent Bank, the Note Registrar and all Noteholders and (in the absence of wilful default, gross negligence, or fraud) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Cash Manager, the Agent Bank, the Note Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 5 (*Interest*).

5.8 **Agent Bank**

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. Subject to the detailed provisions of the Agency Agreement, the Agent Bank may not resign its duties or be removed without a successor having been appointed.

5.9 **Determinations and Reconciliation**

- (a) In the event that the Cash Manager does not receive any Servicing Report due during a Collection Period (each such period, a **Determination Period**), then the Cash Manager may use the Servicing Reports in respect of the three most recent Collection Periods for which all relevant Servicing Reports are available (or, where there are not at least three such previous Collection Periods, any previous such Collection Periods) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 5.9 (*Determinations and Reconciliation*). If and when the Cash Manager ultimately receives all Servicing Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.90. Any
- (i) calculations properly done on the basis of such estimates in accordance with Conditions 5.90 and/or 5.90;

- (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and
 - (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 5.90 and/or 5.90, shall (in any case) be deemed to be done, in accordance with the provisions of the Transaction Documents and will in themselves not lead to a Note 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 recent Collection Periods in respect of which all relevant Servicing Reports are available (or, where there are not at least three such previous Collection Periods, any previous such Collection Periods);
 - (ii) calculate the Revenue Receipts for such Determination Period as the product of (i) the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the Calculated Revenue Receipts); and
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (i) 1 minus the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the Calculated Principal Receipts).
- (c) Following any Determination Period, upon receipt by the Cash Manager of all Servicing Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 5.90(i) above to the actual collections set out in the Servicing Reports by allocating the Reconciliation Amount as follows:
- (iv) If the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
 - (v) If the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger), provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period 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.

(d) In this Condition, the expression:

Interest Determination Ratio means (i) the aggregate Revenue Receipts calculated in the three preceding Collection Periods for which all relevant Servicing Reports are available (or where there are not at least three previous such Collection Periods, the relevant previous Collection Periods used by the Cash Manager pursuant to Condition 5.90(i) above) divided by (ii) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Collection Periods;

Reconciliation Amount means in respect of any Collection Period which is a Determination Period, (i) the actual Principal Receipts as determined in accordance with the available Servicing Reports, less (ii) the Calculated Principal Receipts in respect of such Collection Period, plus (iii) any Reconciliation Amount not applied in previous Collection Periods; and

Servicing Report means a quarterly report to be provided by the Originator on or prior to the 8th Business Day of each February, May, August and November in each year, detailing certain aggregate loan data in relation to the Portfolio, including the Loss Ratio and the Cumulative Net Default Ratio, necessary to produce the Investor Report.

6. PAYMENTS

6.1 *Payment of Interest and Principal*

Payments in respect of principal, premium (if any) and interest in respect of any Note will be made to the order of the Note Registrar as shall have been notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) for such purpose.

Payments will be made in respect of the Notes by credit or transfer to an account in Sterling maintained by the payee with a bank in London.

6.2 *Laws and Regulations*

Payments of principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

6.3 *Payment of Interest following a Failure to pay Principal*

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 5.1 (*Interest Accrual*) and Conditions 5.30 and 0 (*Rate of Interest*) will be paid as described in Condition 6.1 (*Payment of Interest and Principal*) above.

6.4 *Change of Note Registrar*

Subject to the detailed provisions of the Agency Agreement, the Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Note Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Note Registrar.

Except where otherwise provided in the Note Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 20 Business Days and no less than 10 Business Days of any change in or addition to the Note Registrar or its specified offices to be given to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

6.5 *No Payment on non-Business Day*

If the date for payment of any amount in respect of a Note is not a Business Day, Noteholders shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

6.6 *Partial Payment*

If the Note Registrar (in respect of the Class Z VFN) makes a partial payment in respect of the Class Z VFN, the Note Registrar will annotate the Class Z VFN Register, indicating the amount and date of such payment.

6.7 *Payment of Interest*

If interest is not paid in respect of the Class Z VFN on the date when due and payable (other than because the due date is not a Business Day or by reason of non-compliance by the Noteholder with Condition 6.1 (*Payment of Interest and Principal*) or where interest is deferred in accordance with Condition 15 (*Subordination by Deferral*), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Class Z VFN until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 14 (*Notice to Noteholders*).

7. REDEMPTION

7.1 *Redemption on the Final Maturity Date*

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem:

- (a) the Class A Notes at their respective Principal Amounts Outstanding on the Final Maturity Date; and
- (b) the Class Z VFN at its Principal Amount Outstanding on the Final Maturity Date.

7.2 *Mandatory Redemption following the end of the Revolving Period*

- (a) Each Note shall, subject to Condition 7.4 (*Optional Redemption of the Notes in Full*) and 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), be redeemed on each Interest Payment Date commencing from the end of the Revolving Period and ending on the Final Maturity Date but prior to the service of a Note Acceleration Notice in an amount equal to (i) the Available Principal Receipts and Available Revenue Receipts available for such purpose, subject, in each case, to the order of priority set out in the Pre-Enforcement Principal Priority of Payments and, as applicable, the Pre-Enforcement Revenue Priority of Payments.
- (b) With respect to each Class of Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any principal repayment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Class of Note and (iii) in relation to the Class A Notes only, the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, in the case of that Note, is the Principal Amount Outstanding of that Note on the Closing Date and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.
- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and, in the case of the Class A Notes only, Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Security Trustee and the Agent Bank and will immediately cause notice of each such determination to be given in accordance with Condition 14 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Class A Notes on any Interest Payment Date a notice to this effect will be given to the relevant Noteholders.

7.3 **Mandatory Redemption following the occurrence of an Early Amortisation Event**

- (a) If an Early Amortisation Event has occurred or will occur on the next following Interest Payment Date (as determined by the Cash Manager on the relevant Calculation Date), each Note shall, subject to Condition 7.4 (*Optional Redemption of the Notes in Full*) and 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), be redeemed on each Interest Payment Date, commencing on the Interest Payment Date immediately succeeding such Calculation Date and ending on the Final Maturity Date but prior to the service of a Note Acceleration Notice in an amount equal to (i) the Available Principal Receipts and Available Revenue Receipts available for such purpose, subject, in each case, to the order of priority set out in the Pre-Enforcement Principal Priority of Payments and, as applicable, the Pre-Enforcement Revenue Priority of Payments.
- (b) With respect to each Class of Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any principal repayment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Class of Note and (iii) in relation to the Class A Notes only, the Pool

Factor, of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, in the case of that Note, is the Principal Amount Outstanding of that Note on the Closing Date and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.

- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and, in the case of the Class A Notes only, Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Security Trustee and the Agent Bank and will immediately cause notice of each such determination to be given in accordance with Condition 14 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the relevant Noteholders.

7.4 ***Optional Redemption of the Notes in Full***

- (a) (i) On giving not more than 40 nor less than 5 Business Days' notice to (i) the Noteholders in accordance with Condition 14 (*Notice to Noteholders*), and (ii) the Note Trustee, the Issuer may redeem, on any date on or prior to the Interest Payment Date on which such notice expires (the **Optional Redemption Date**), all (but not some only) of the Notes on such Optional Redemption Date provided that:
 - (A) no Note Acceleration Notice has been served; and
 - (B) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the Class A Required Redemption Amount on the relevant Optional Redemption Date (such certification to be provided by way of certificate signed by two directors of the Issuer) (and for the avoidance of doubt, the order of priority shall be as set out in the Pre-Enforcement Priority of Payments); and
 - (ii) On giving not more than 40 nor less than 5 Business Days' notice to (i) the Noteholders in accordance with Condition 14 (*Notice to Noteholders*), and (ii) the Note Trustee, the Issuer may redeem, on any Optional Redemption Date, all (but not some only) of the Notes on such Optional Redemption Date provided that the Optional Redemption Date is any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Class A Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date and the conditions in paragraphs (a)(i)(A) and (a)(i)(B) are satisfied.
- (b) Any Note redeemed pursuant to Condition 7.4(a) (*Optional Redemption of the Notes in Full*) will be redeemed at an amount equal to the Principal Amount Outstanding of the Notes to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the Notes up to, but excluding, the Optional Redemption Date.

7.5 ***Optional Redemption of the Class A Notes for Taxation or Other Reasons***

If by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Note Registrar would be required to deduct or withhold from any payment of principal or interest on any Class A Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Class A Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax, then the Issuer shall, if the same would avoid the effect of such relevant event, appoint a Note Registrar in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Class A Notes and the Note Trust Deed, provided that the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Class A Holders.

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in the paragraph above is continuing and that the appointment of a Note Registrar or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 40 nor less than 30 Business Days' notice to the Note Trustee and the Class A Holder in accordance with Condition 14 (*Notice to Noteholders*), redeem all (but not some only) of the Class A Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee (a) a certificate signed by two directors of the Issuer (i) stating that one or more of the circumstances referred to above prevail(s), (ii) setting out details of such circumstances and (iii) confirming that the appointment of a Note Registrar or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution and (b) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer or the Note Registrar have or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on the all Noteholders and the Secured Creditors.

The Issuer may only redeem the Class A Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Class A Notes as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments to be paid in priority to or *pari passu* with the Class A Notes outstanding in accordance with the

Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer.

7.6 *Mandatory Redemption of the Notes following the exercise of the Regulatory Change Option or the Accounting Change Option by the Originator*

- (a) If either a Regulatory Change or an Accounting Change occurs and the Originator exercises the Regulatory Change Option or the Accounting Change Option, the Issuer will give not more than 40 nor less than 5 Business Days' notice to (i) the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) and (ii) the Note Trustee and the Notes will be redeemed at their Principal Amount Outstanding on the Interest Payment Date immediately following the exercise of such option by the Originator, provided that the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid in priority to or pari passu with the Class A Notes and the Class Z VFN on such Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer) (and for the avoidance of doubt, the order of priority shall be as set out in the Pre-Enforcement Priority of Payments).
- (b) Any Note redeemed pursuant to Condition 7.6(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to, but excluding, the relevant Interest Payment Date.

7.7 *Redemption of the Class Z VFN following the lapse of a Tranched Loan Commitment*

- (a) If the Issuer (i) has purchased a Tranched Loan and the Tranched Loan Commitment in relation to such Tranched Loan has lapsed and (ii) has funded such purchase through a Further Class Z VFN Funding, the Issuer will on the Interest Payment Date immediately following the lapse of such Tranched Loan Commitment redeem the Class Z VFN in an amount equal to the Further Class Z VFN Funding advanced by the Class Z VFN Holder to the Issuer upon the acquisition by the Issuer of the beneficial interest in such Tranched Loan.
- (b) The funds for the redemption set out in paragraph (a) above shall be withdrawn first, from the Tranched Loans Ledger and second, only to the extent that there are insufficient funds in the Tranched Loans Ledger, from the Retained Principal Ledger, and shall not be paid in accordance with the Priority of Payments on the relevant Interest Payment Date.

7.8 *Principal Amount Outstanding*

The Principal Amount Outstanding:

- (a) in respect of the Class A Notes on any date shall be their original principal amount of £253,600,000 less the aggregate amount of all principal payments in respect of such Class A Notes which have been made since the Closing Date; and
- (b) in respect of the Class Z VFN shall be, as at a particular day (the **Reference Date**), the total principal amount of all drawings under the Class Z VFN on and since the Closing Date less the aggregate amount of all principal payments in respect of such Class Z VFN which have been made since the Closing Date and not later than the Reference Date.

7.9 **Notice of Redemption**

Any such notice as is referred to in Condition 7.4 (*Optional Redemption of the Notes in Full*), Condition 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) or Condition 7.6 (*Mandatory Redemption of the Notes following the exercise of the Regulatory Change Option or the Accounting Change Option by the Originator*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 7.4 (*Optional Redemption of the Notes in Full*), Condition 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*) or Condition 7.6 (*Mandatory Redemption of the Notes following the exercise of the Regulatory Change Option or the Accounting Change Option by the Originator*) may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

7.10 **No Purchase by the Issuer**

The Issuer will not be permitted to purchase any of the Notes.

7.11 **Cancellation**

All Class A Notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued once cancelled.

On each Interest Payment Date on which the Class Z VFN is redeemed pursuant to Conditions 7.1, 7.2, 7.3, 7.6 and 7.7, the Note Registrar shall cancel the Class Z VFN in an amount equal to such mandatory redemption, thereby reducing the nominal principal amount of the Class Z VFN by an amount equal to such mandatory redemption.

Each Class Z VFN will be cancelled when redeemed in full after the Class Z VFN Commitment Termination Date and may not be resold or re-issued once cancelled.

8. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law or by agreement of the Issuer (or the Note Registrar) under the provisions of section 1471(b) of the Code or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or

agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. In that event the Issuer or the Note Registrar shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. None of the Issuer, the Note Registrar or any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

9. **PRESCRIPTION**

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 9, the Relevant Date, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

10. **EVENTS OF DEFAULT**

10.1 ***Note Events of Default in respect of Class A Notes***

The Note Trustee at its absolute discretion may, and if so directed by an Ordinary Resolution of the Class A Holders, shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction) give (i) a notice (a **Note Acceleration Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Note Trust Deed on the occurrence of any of the following events (each, a **Note Event of Default** in respect of the Class A Notes):

- (a) if default is made in the payment of any principal or interest due in respect of the Class A Notes and the default continues for a period of (i) 5 Business Days in the case of principal or (ii) 7 Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party, which failure in the opinion of the Note Trustee is materially prejudicial to the Class A Holder and (except in any case where the Note Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 20 Business Days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved in writing by the Note Trustee or by Extraordinary Resolution of the Class A Holder; or

- (d) if the Issuer ceases or threatens to cease to carry on the whole or a part of its business representing at least 40% of its gross revenue as recorded in its most recently published accounts, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Class A Holder, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, diligence, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 **Note Events of Default in respect of Class Z VFN**

This Condition 10.2 (*Note Events of Default in respect of Class Z VFN*) shall not apply as long as any Class A Note remains outstanding. Subject thereto, for so long as any Class Z VFN is outstanding, the Note Trustee shall if so directed by the sole Class Z VFN Holder or holders of all the Class Z VFN (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give a Note Acceleration Notice to the Issuer upon the occurrence of any of the following events (each, a **Note Event of Default** in respect of the Class Z VFN):

- (a) if default is made in the payment of any principal or interest due in respect of the Class Z VFN and the default continues for a period of 5 Business Days in the case of principal or 7 Business Days in the case of interest; or

- (b) if any of the Events of Default referred to in Condition 10.1(b) to 10.1(f) (*Note Events of Default in respect of Class A Notes*) occurs with references, where applicable, to the Class A Holder being read as to the Class Z VFN Holder.

10.3 **General**

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Conditions 10.1 (*Note Events of Default in respect of Class A Notes*) or Condition 10.2 (*Note Events of Default in respect of Class Z VFN*) above, all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Note Trust Deed.

11. **ENFORCEMENT**

11.1 **General**

Each of the Note Trustee and the Security 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 enforce the provisions of (in the case of the Note Trustee) the Notes or the Note Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Issuer Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of a Note Acceleration Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Issuer Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (a) subject in all cases to restrictions contained in the Note Trust Deed and the Issuer Deed of Charge to protect the interests of any higher ranking class or classes of Noteholders (including the provisions set out in Clause 9 and Schedule 2 of the Note Trust Deed), it shall have been so directed by an Ordinary Resolution of the Class A Holder or, if there are no Class A Notes then outstanding, the holders of all the Class Z VFN; and
- (b) in all cases, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 **Preservation of Assets**

If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (i) a sufficient amount would be realised to allow discharge in full on a pro rata and pari passu basis of all amounts owing to the Class A Holder (and all persons ranking in priority to the Class A Holder) or, once the Class A Holder have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto), or (ii) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), that the 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 relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Holder (and all persons ranking in priority to the Class A Holder) or, once the Class A Holder have been repaid, to the Class Z VFN Holder (and all persons ranking in priority thereto)). The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer.

11.3 ***Limitations on Enforcement***

No Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

Amounts available for distribution after enforcement of the Issuer Security shall be distributed in accordance with the terms of the Issuer Deed of Charge.

11.4 ***Limited Recourse***

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under the Issuer Deed of Charge (the Charged Assets). If:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Issuer Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any), interest),

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any), interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

11.5 ***No action by Noteholders or any other Secured Creditor***

Only the Note Trustee or the Security Trustee may pursue the remedies available under the general law or under the Note Trust Deed or the Issuer Deed of Charge to enforce the Issuer Security or any other Transaction Document to which the Note Trustee or the Security Trustee is a party and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Issuer Security or pursue remedies available under or enforce any Transaction Document to which the Note Trustee or the Security Trustee is a party unless a Note Acceleration Notice shall have been served (which has not been withdrawn) or the Security Trustee having become bound to take

any steps or proceedings to enforce the said Security pursuant to the Issuer Deed of Charge, fails to do so within thirty (30) days of becoming so bound and that failure is continuing (in which case, each of such Noteholders and Secured Creditors shall be entitled to take any such steps and proceedings as it shall deem necessary (other than the presentation of a petition for the winding up of, or for an administration order in respect of, the Issuer or the filing of documents with the court or the service of a notice of intention to appoint an administrator in relation to the Issuer).

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Note Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

12.2 An Ordinary Resolution and an Extraordinary Resolution (other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the relevant affected Classes of Notes and subject to the more detailed provisions of the Note Trust Deed) passed at any meeting of the Class A Holder shall be binding on the Class Z VFN Holder irrespective of the effect upon it, subject to Condition 12.3 (*Quorum*). Ordinary Resolutions are sufficient other than in respect of matters where the Note Trust Deed or these Conditions indicate that an Extraordinary Resolution is required.

12.3 *Quorum*

(a) Subject as provided below, the quorum at any meeting of Class A Holder for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the aggregate Principal Amount Outstanding of the Class A Notes, or, at any adjourned meeting, one or more persons being or representing a Class A Holder, whatever the aggregate Principal Amount Outstanding of the Class A Notes then outstanding held or represented by it or them.

(b) Subject to the more detailed provisions set out in the Note Trust Deed, the quorum at any meeting of the Class A Holder for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes, (iv) alter the currency in which payments under the Notes are to be made (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal or substitution for the sale, conversion or cancellation of the Notes or (vii) alter any of the provisions contained in this exception (each a Basic Terms Modification) shall be one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one-quarter of the aggregate Principal Amount Outstanding of the Notes of such Class then outstanding and any Extraordinary Resolution in respect of such a modification shall only be effective if duly passed at a meeting of the Class A Holder.

The Note Trust Deed and the Issuer Deed of Charge contain similar provisions in relation to directions in writing from the Noteholders upon which the Note Trustee or, as the case may be, the Security Trustee is bound to act.

- 12.4 Other than in respect of a Basic Terms Modification, the Note Trustee or, as the case may be, the Security Trustee, may agree with the Issuer and any other parties but without the consent of the Noteholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document):
- (a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee is not materially prejudicial to the interests of the Noteholders of any Class; or
 - (b) to any modification to these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error.
- 12.5 The Note Trustee may also, without the consent or sanction of the Noteholders or the other Secured Creditors and without prejudice to its rights in respect of any further breach or Note Event of Default, but only if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders of any Class, waive or authorise any breach or proposed breach of any provision contained in the Conditions or the Transaction Documents by any party thereto or determine that any Note Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution or by a direction under Condition 10 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.
- 12.6 Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notice to Noteholders*).
- 12.7 In connection with any such substitution of principal debtor referred to in Condition 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee and the Security Trustee be materially prejudicial to the interests of the Noteholders.
- 12.8 Where, in connection with the exercise or performance by the Note Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to herein), the Note Trustee is required to have regard to the interests of the Noteholders of any

Class or Classes, it shall have regard to the general interests of the Noteholders of such Class or Classes as a Class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12.9 ***Extraordinary Resolution means in respect of the Class A Holder***

- (a) a resolution passed at a meeting duly convened and held in accordance with the Note Trust Deed and these Conditions by a majority consisting of not less than three-quarters of the votes cast; or
- (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-quarters in aggregate Principal Amount Outstanding of the Class A Notes then outstanding which resolution may be contained in one document or in several documents in like form each signed by or on behalf of the Class A Holder (a **Written Resolution**).

A Written Resolution shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Class A Notes duly convened and held. Such a Written Resolution will be binding on all holders of Class A Notes whether or not they participated in such Written Resolution.

12.10 ***Issuer Substitution Condition***

The Note Trustee may concur, with the Issuer, subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Note Trustee may require and subject to the terms of the Note Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Note Trust Deed and the Notes and in respect of the other Secured Obligations, provided that the conditions set out in the Note Trust Deed are satisfied including, inter alia, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 4 (*Covenants*). In the case of a substitution pursuant to this Condition 12.10, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

13. **INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE**

The Note Trust Deed and the Issuer Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Issuer Security, unless indemnified and/or secured and/or prefunded to their satisfaction.

The Note Trust Deed and the Issuer Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, inter alia, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. **NOTICE TO NOTEHOLDERS**

- (a) Subject to paragraph (b) below, all notices to the Noteholders will be valid if published in a manner which complies with the listing rules and regulations of The International Stock Exchange Authority Limited (which includes delivering a copy of such notice to The International Stock Exchange Authority Limited) and any such notice will be deemed to have been given on the date sent to The International Stock Exchange Authority Limited. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Note Trustee may approve.
- (b) In respect of the Notes, notices to Noteholders will be sent to it by the Issuer to the fax number or email address notified to the Issuer from time to time in writing.

15. **SUBORDINATION BY DEFERRAL**

15.1 ***Interest***

- (a) If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding prior to the service of a Note Acceleration Notice, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 15, include any interest previously deferred under this Condition 15.1 and any accrued Additional Interest thereon) payable in respect of the Class Z VFN after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest in respect of the Class Z VFN (unless there are no Class A Notes then outstanding) to the extent only of any insufficiency of funds (only after having paid or provided for all amounts specified as having a higher priority in the Pre-Enforcement Revenue Priority of Payments than interest payable in respect of the Class Z VFN).

- (b) Any interest deferred in respect of the Class Z VFN under this Condition 15.1 shall be referred to as **Deferred Interest**.

15.2 **General**

Any amounts of Deferred Interest in respect of the Class Z VFN shall accrue interest (**Additional Interest**) at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 15.1 (*Interest*) applies) or on such earlier date as the Class Z VFN becomes due and repayable in full in accordance with these Conditions.

15.3 **Notification**

As soon as practicable after becoming aware but no later than 5 Business Days prior to any Interest Payment Date that any part of a payment of interest on the Class Z VFN will be deferred or that a payment previously deferred will be made in accordance with this Condition 15 (*Subordination by Deferral*), the Issuer will give notice thereof to the Class Z VFN Holder in accordance with Condition 14 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 15 (*Subordination by Deferral*) will not constitute a Note Event of Default. The provisions of this Condition 15 (*Subordination by Deferral*) shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or required to be redeemed in full at which time all deferred interest and accrued Additional Interest thereon shall become due and payable.

16. **INCREASING THE PRINCIPAL AMOUNT OUTSTANDING OF THE CLASS Z VFN AND ADJUSTING THE MAXIMUM CLASS Z VFN AMOUNT**

16.1 **Class Z VFN**

- (a) If the Issuer (or the Cash Manager on behalf of the Issuer) receives a notice from the Originator prior to the Class Z VFN Commitment Termination Date notifying the Issuer that (i) a Further Advance has been made in respect of which there are insufficient funds standing to the credit of the Retained Principal Ledger and the Principal Ledger to fund the purchase of the Further Advance Trust Consideration and of the amount of the Further Advance Trust Consideration and/or such shortfall which is insufficiently funded by amounts standing to the credit of the Retained Principal Ledger and the Principal Ledger, (ii) amounts standing to the credit of the Cash Reserve Fund are less than the Cash Reserve Required Balance, (iii) during the Revolving Period, the Issuer has acquired the beneficial interest in a Tranche Loan and that there are insufficient funds standing to the credit of the Retained Principal Ledger, the Principal Ledger or the Tranche Loans Ledger in an amount equal to the difference between the drawn amount and the committed amount under the Tranche Loan, and/or (iv) as of a Calculation Date the Cash Manager has determined that there would be an outstanding balance on the Principal Deficiency Ledger following the application of Available Revenue Receipts on the next following Interest Payment Date, the Issuer (or the Cash Manager on its behalf) shall notify (by serving a Notice of Increase) the Class Z VFN Holder requesting that such Class

Z VFN Holder further fund the Class Z VFN on the next following Quarterly Pool Date or other Business Day specified in the Notice of Increase in an amount equal to the lower of:

- (i)
 - (A) in respect of (i) above, the Further Advance Trust Consideration less amounts standing to the credit of the Retained Principal Ledger and the Principal Ledger available to pay such Further Advance Trust Consideration; or
 - (B) in respect of (ii) above, the Cash Reserve Required Balance less all amounts standing to the credit of the Cash Reserve Fund;
 - (C) in respect of (iii) above, an amount equal to the difference between the drawn amount and the committed amount under the Tranching Loan required to be deposited in the Tranching Loans Ledger, the Retained Principal Ledger or the Principal Ledger (as applicable); or
 - (D) in respect of (iv) above, the amount required such that after the application of Available Principal Receipts and Available Revenue Receipts on the relevant Interest Payment Date, there would be no outstanding balance on the Principal Deficiency Ledger; and
 - (ii) the Maximum Class Z VFN Amount less the current Principal Amount Outstanding of the Class Z VFN (taking into account any predicted or forecast reductions to the Principal Amount Outstanding of the Class Z VFN on the following Interest Payment Date).
- (b) The Class Z VFN Holder, upon receipt of such a notice from the Issuer or the Cash Manager (on behalf of the Issuer) prior to the Class Z VFN Commitment Termination Date requesting that the relevant Class Z VFN Holder further fund the Class Z VFN, shall notify the Issuer that the relevant Class Z VFN Holder is prepared to make such further funding (the **Further Class Z VFN Funding**), provided the relevant Class Z VFN Holder shall not be obliged to make any such further funding unless and until such time as the Issuer has complied with the requirements of Condition 16.1(d) below.
 - (c) The proceeds of the Further Class Z VFN Funding shall be applied by the Issuer to fund (i) the Further Advance Trust Consideration, (ii) the Cash Reserve Fund up to and including an amount equal to the Cash Reserve Required Balance, (iii) any amount required to be deposited in the Tranching Loans Fund, or (iv) to add to Available Revenue Receipts on any Interest Payment Date such that after the application of Available Revenue Receipts on such Interest Payment Date, there will be no balance outstanding on the Principal Deficiency Ledger.
 - (d) The Class Z VFN Holder shall advance the amount of such Further Class Z VFN Funding to the Issuer for value on the relevant Quarterly Pool Date or other Business Day specified in the Notice of Increase, if the following conditions are satisfied:

- (i) not later than 2.00 p.m. four Business Days prior to the proposed date for the making of such Further Class Z VFN Funding (or such lesser time as may be agreed by the Class Z VFN Holder, provided that in the case of Condition 16.1(a)(i)(D) the relevant amount shall be provided by the Class Z VFN Holder prior to the relevant Interest Payment Date), the relevant Class Z VFN Holder has received from the Issuer a completed and irrevocable Notice of Increase therefor, receipt of which shall oblige the relevant Class Z VFN Holder to accept the amount of the Further Class Z VFN Funding therein requested on the date therein stated upon the terms and subject to the conditions contained therein;
- (ii) as a result of the making of such Further Class Z VFN Funding, the aggregate amount plus all Further Class Z VFN Funding made in respect of the Class Z VFN (provided no reference shall be made in respect of any principal amount due on the relevant Class Z VFN which has already been repaid) would not exceed the Maximum Class Z VFN Amount;
- (iii) either:
 - (A) the Issuer confirms in the Notice of Increase that no Note Event of Default has occurred or will occur as a result of the Further Class Z VFN Funding; or
 - (B) the relevant Class Z VFN Holder agrees in writing (notwithstanding any matter mentioned at (iii)(A) above 17.1(d)(iii)(A) to make such Further Class Z VFN Funding available; and
- (iv) the proposed date of such Further Class Z VFN Funding falls on a Business Day prior to the Class Z VFN Commitment Termination Date.

In this Condition, the expression:

Maximum Class Z VFN Amount for the Class Z VFN shall be £135,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class Z VFN Holder, and notified to the Note Trustee.

Notice of Increase means a notice, substantially in the form set out in the Note Trust Deed.

17. **GOVERNING LAW**

The Note Trust Deed, the Issuer Deed of Charge, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

18. **RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. **NO USE OF PROCEEDS IN SWITZERLAND**

The net proceeds of the issuance of the Notes will be applied by the Issuer outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Notes becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

Part 5: Risk factors

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

An investment in the Notes involves substantial risks and is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.

The Issuer believes that the risks described below are some of the principal risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts in respect of the Notes may occur for other reasons and neither the Issuer nor any other person or entity represents that the below statements regarding the risk of holding the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. The risks described below do not purport to address all of the risks associated with an investment in the Notes.

CREDIT AND ECONOMIC RISKS

Noteholders cannot rely on any person other than the Issuer to make payments on the Notes

The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the parties to the Transaction Documents or by any person other than the Issuer.

Nature of the Issuer

The Issuer is a newly formed entity and has no significant operating history other than the authorisation and issue of the Notes and activities incidental to its incorporation and the exercise of its rights and compliance with its obligations under the Notes.

The Issuer will have no material assets or funds other than as described under “Part 5: Risk Factors — Limited Source of Funds” below.

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 Loans in the Portfolio, interest earned on the Issuer Bank Accounts and any Authorised Investments, and, to the extent the Cash Reserve Fund is funded, amounts standing to the credit of the Cash Reserve Fund. Other than the foregoing, the Issuer will not 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 Priority of Payments. If such funds are insufficient,

any such insufficiency will be borne by the Class A Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

The recourse of the Noteholders to the Charged Assets following service of a Note Acceleration Notice is described under “Part 5: *Risk Factors — Limited Recourse*” and “Part 5: *Risk Factors — English law security and insolvency considerations*”.

Suitability of investment

Before making an investment decision, purchasers of the Notes should (i) ensure that they understand the nature of the Notes and the extent of their exposure to risk, (ii) consider carefully, in light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as they deem appropriate, the suitability of the of the Notes so as to arrive at their own independent evaluation of the investment and (iii) evaluate the merits and risks of investing in the Notes. The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in the Notes. In particular, an investment in the Notes involves the risk of a partial or total loss of investment.

Investment in the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Any prospective purchaser will be responsible for assessing the legality and suitability of an investment by it in the Notes.

Limited Recourse

The Notes are limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent upon the receipt of funds as described above under “Part 5: *Risk Factors – Limited Source of Funds*”.

Following the occurrence of a Note Event of Default, service of a Note Acceleration Notice and enforcement of the Issuer Security by the Security Trustee, if:

- (a) there are no Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Charged Assets to pay in full, in accordance with the provisions of the Issuer Deed of Charge, amounts outstanding under the Notes,

then the Secured Creditors (which include the Noteholders) shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and interest in respect of the Notes). As such, amounts available to the Issuer in such circumstances may be insufficient to pay Noteholders in full, any unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Issuer Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Issuer Deed of Charge shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Issuer Deed of Charge.

There is no assurance that the Issuer will have sufficient funds to redeem the Notes in full following enforcement of the Issuer Security.

RISKS RELATING TO THE PORTFOLIO

Borrowers

The Borrowers in respect of the Loans in the Portfolio are generally high net-worth individuals or corporate entities associated with such persons. Where the Borrower is a corporate entity (which shall include special purpose vehicles), its obligations are guaranteed by an individual or individuals or by corporate or trust entities associated with such persons.

The Loans in the Cut-Off Date Portfolio vary in size with the largest loan as of the Cut-Off Date being in an amount of £6,934,306.51. The Loans are secured by first ranking mortgages over one or more properties in the United Kingdom.

The aggregate Current Balance of Loans made to the top ten Borrowers (based on the Current Balance of each such Borrower's Loan, or where a Borrower has more than one Loan, of such Borrower's Loans, in each case which are included in the Portfolio as of the Cut-Off Date), is not more than £49,565,306.51.

There is risk that a default or delinquency occurring in respect of one large Loan in the Portfolio, or a series of large Loans, may disproportionately affect the timing and/or receipts paid to the Issuer in respect of its beneficial interest in the Portfolio, and accordingly may adversely affect the ability of the Issuer to make payments of interest and principal when due on the Notes.

This risk has been mitigated through the level of credit enhancement provided by the Class Z VFN, the Cash Reserve Fund (if funded) and the Early Amortisation Event mechanism, which will ensure that funds are applied on an accelerated basis to redeem the Class A Notes if the Cumulative Net Default Ratio exceeds a certain limit (see further "*Part 9: Summary of the Key Transaction Documents – Originator Trust Deed*").

Geographic Concentration Risks

As at 18 August 2017 (the **Cut-Off Date**), 88.28% of the Portfolio is secured over properties in Greater London and 7.61% of the Portfolio is secured over properties elsewhere in the counties adjacent to London, including Berkshire, Buckinghamshire, Essex, Hertfordshire, Kent and Surrey (the **Home Counties**). The Portfolio is therefore subject to geographic concentration risks.

To the extent that Greater London or the Home Counties experience weaker regional economic conditions and housing markets, that may be expected to exacerbate the risks relating to the Loans.

Any natural disasters affecting Greater London or the Home Counties may also reduce the value of affected Properties. This may result in a loss being incurred upon sale of any Property. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Cut-Off Date, see “*Part 13: Characteristics of the Portfolio — Geographical Distribution*”.

Delinquencies or Default by Borrowers in paying amounts due on their Loans

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The 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. 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 Loans. Other factors in Borrowers’ individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar personal factors may lead to an increase in delinquencies by and insolvency of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that 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.

In order to enforce a power of sale in respect of a mortgaged property in England, the relevant mortgagee must first obtain possession of the relevant property. Possession is usually obtained by way of a court order. 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 and 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, are restricted in the future.

Decline in house prices and/or market liquidity may adversely affect the performance and market value of the Notes

The value of the Related Security in respect of the Loans may be affected by, among other things, a decline in the residential property values or the liquidity of the property market in relevant regions of the United Kingdom. If the residential property market in the United Kingdom (or the relevant regions thereof, given the limited geographical spread of the properties securing the Loans in the Portfolio) should experience an overall decline in property values and/or liquidity, such a decline could result in the value of the Related Security being reduced and, in

the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes.

The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Loan. Historic downturns in the United Kingdom economy had a negative effect on the housing market.

However, whilst it is expected that this risk is mitigated by the loan-to-value of the Loans in the Portfolio (the weighted average original LTV ratio of the Loans in the Portfolio does not and will not exceed 60%) and the short-term nature of the Loans (the maximum term for the Loans is 5 years from the date of origination) a fall in property prices resulting from a 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 Related Security backing the Loans is reduced this may ultimately result in losses to Noteholders if the Related Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Should residential property values decline, Borrowers may have insufficient equity to refinance their Loans with lenders other than the Originator at the end of their term and may have insufficient resources to pay amounts in respect of their 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.

Short Final Repayment Dates and Interest-only Loans

The maximum term for the Loans is 5 years from the date of origination. Further, 100% of the Loans in the Cut-Off Date Portfolio are payable on an interest-only basis.

Where the Borrower is only required to pay interest during the term of the Loan (with the capital being repaid in a lump sum at the end of the term) or the scheduled capital repayments during the term of the Loan would not be sufficient to repay the Loan by the final maturity date, then the Originator recommends that the Borrower has a credible repayment strategy in place. However, the Originator does not require absolute proof of any such repayment mechanism nor does it investigate its adequacy.

Borrowers and/or guarantors are high net worth individuals with varied income and liquidity streams. If the Borrower's planned repayment strategy does not come to fruition, then the ability of such a Borrower to repay an Interest-only Loan at maturity without resorting to the sale of the underlying property depends on such Borrower's ability to ensure that sufficient funds are made available from an alternate source as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay its Loan and a Loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured.

Insurance Policies

The policies of the Originator in relation to buildings insurance are described under "*Part 12: The Loans — Insurance Policies*". No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable insurance contracts. This could adversely affect the Issuer's ability to redeem the Notes.

Whilst it is a condition of the Mortgage Deed in relation to each Loan that the mortgagor insures all Mortgaged Property, the Originator does not as a matter of course monitor whether each property remains insured for so long as the Loan is outstanding.

Searches, Investigations and Warranties in Relation to the Loans

The Originator will give certain warranties to each of the Issuer and the Security Trustee regarding the Loans and their Related Security transferred to the Issuer on the Closing Date and will give similar warranties to each of the Issuer and the Security Trustee regarding any Additional Loans and their Related Security held on trust for the Issuer during the Revolving Period and any Further Advances, Product Switches or Further Tranches made from time to time, on the relevant Additional Trust Date (in relation to Additional Loans), the relevant Further Advance Trust Date (in relation to Further Advances), the relevant Product Switch Date (in relation to Product Switches) or the relevant Further Tranche Trust Date (in relation to Further Tranches) (see "*Part 9: Summary of the Key Transaction Documents — Originator Trust Deed*").

None of the Note Trustee, the Security Trustee or the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the warranties given in the Originator Trust Deed by the Originator. The sole remedy of the Issuer against the Originator if any of the warranties made by the Originator are materially breached or proves to be materially untrue as at the Closing Date or on the relevant Additional Trust Date (in relation to Additional Loans), the relevant Further Advance Trust Date (in relation to Further Advances), the relevant Product Switch Date (in relation to Product Switches) or the relevant Further Tranche Trust Date (in relation to Further Tranches), which breach is not remedied within 60 Business Days after receiving written notice of such breach, is that the Originator (or, at the Originator's discretion, another entity within the EFG Group designated by the Originator (any such entity, an **EFG Delegate**)) shall be obliged to re-acquire the Issuer's beneficial interest in the relevant Loan and its Related Security in accordance with the relevant provisions in the Originator Trust Deed.

It should also be noted that any warranties made by the Originator in relation to Additional Loans and their Related Security, Further Advances, Further Tranches and/or Product Switches may be amended from time to time and differ from the warranties made by the Originator at the Closing Date without the consent of the Noteholders, provided that the Security Trustee has given its consent to such amendments. Changes to the warranties may affect the quality of Loans in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes. Where the Originator (or an EFG Delegate) is required to re-acquire the Issuer's beneficial interest in the Loans because the Loan Warranties are not true, there can be no assurance that the Originator will have the financial resources to honour its re-acquisition obligations under the Originator Trust Deed. Either of these circumstances may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments on the Notes.

Interest Rate Risk

The Loans in the Portfolio are subject to fixed interest rates or tracker interest rates (fixed rate margins above LIBOR), while the Issuer's liabilities under the Notes are based on Three-Month Sterling LIBOR. Pursuant to the Mortgage Conditions, a Borrower may request a fixed rate quote and the Originator, may (at its option) quote to the Borrower such rate. If the Originator offers a quote for a fixed rate of interest and the Borrower accepts such fixed rate, the amount of loans in

the Portfolio which become Fixed Rate Loans could increase. A switch from floating rate of interest to a fixed rate of interest will constitute a Product Switch. The Portfolio Criteria set a limit of Fixed Rate Loans at 5% of the aggregate Current Balance of all Loans in the Portfolio as at the date of transfer of the beneficial interest to the Issuer or on the occurrence of a Further Advance Trust Date, a Product Switch Date or a Further Tranche Trust Date. If the Cash Manager determines that the 5% limit of Fixed Rate Loans has not been complied with on the relevant Additional Trust Date, Further Advance Trust Date, Product Switch Date, or Further Tranche Trust Date, then the Originator (or an EFG Delegate) will be obliged to re-acquire the beneficial interest of the Issuer in such Product Switch. If the Originator (or an EFG Delegate) is unable to re-acquire the beneficial interest of the Issuer in such Loans in the Portfolio, then there is a risk that the yield on the Loans may not be sufficient to cover the interest due on the Notes.

However, this risk is intended to be mitigated by the following conditions to inclusion of Fixed Rate Loans in the Portfolio:

- (i) the aggregate Current Balance of the Fixed Rate Loans in the Portfolio will not be permitted to exceed 5% of the aggregate Current Balance of the Loans in the Portfolio;
- (ii) if such limit is exceeded, then the Originator (or an EFG Delegate) will be required to re-acquire the Issuer's beneficial interest in the relevant Loan and its Related Security; and
- (iii) if, prior to the end of the Revolving Period, the Originator (or an EFG Delegate) does not re-acquire the Fixed Rate Loans in excess of the 5% limit, an Early Amortisation Event will occur.

The interest rate risk is further mitigated by the credit enhancement provided in the transaction by the Class Z VFN and, if funded, the Cash Reserve Fund.

There is no interest rate swap in the transaction.

RISKS RELATING TO CREDIT STRUCTURE

Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption

The yield to maturity of the Class A Notes will depend on, inter alia, the amount and timing of payment of principal and interest on the Loans and the price paid by the holders of the Notes of each Class. Borrowers are high net worth individuals and corporate entities associated with such persons and by their nature this class of Borrowers often has varied and irregular income and liquidity streams. In particular, such Borrowers may generate material liquidity at any given point in time, which they may use to prepay the Loans. Prepayments on the Loans may result from refinancing, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgages, as well as the receipt of proceeds under the insurance policies. These repayments are unpredictable and no assurance can be given as to the level or frequency of prepayments that the Portfolio will experience. The yield to maturity of the Notes of any Class may be adversely affected by, amongst other things, the rate of prepayments on the Loans.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including borrower liquidity events, performance of property and investment markets, prevailing mortgage market interest rates, the availability of alternative financing programmes, the competitiveness of replacement products, the impact of whether a Loan imposes an early repayment charge on a Borrower, the end of any incentive periods which a particular Borrower may currently be on, local and regional economic conditions and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans.

In addition, any required re-acquisition of the beneficial interest in the Loans by the Originator (or an EFG Delegate) pursuant to the terms of the Originator Trust Deed will have the same effect as a prepayment of such Loans. Such required re-acquisition will occur if a Loan or its Related Security does not comply with the Loan Warranties or Portfolio Criteria as at the date of transfer of the beneficial interest therein to the Issuer, or (if applicable) as at the date of a Product Switch or Further Advance.

On any Interest Payment Date the Originator may also elect to re-acquire from the Issuer (or designate an EFG Delegate to re-acquire) its beneficial interest in the entire Portfolio (or, in the case of (i) below, its beneficial interest in the remaining Portfolio):

- (i) on any Interest Payment Date on which (1) the Issuer exercises its option to redeem the Notes in full pursuant to Condition 7.4(a)(i) or (2) the aggregate Principal Amount Outstanding of the Class A Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the date on which such Class A Notes were issued pursuant to Condition 7.4(a)(ii); or
- (ii) upon the occurrence of a Regulatory Change or Accounting Change provided that such right may not be exercised on a date falling less than ten (10) Business Days prior to an Interest Payment Date.

Any re-acquisition of the beneficial interest of the Issuer in the Loans and their Related Security may adversely affect the yield to maturity on the Class A Notes.

During the Revolving Period, payments and prepayments of principal on the Loans will be applied either to acquire the beneficial interest in further portfolios of Loans and their Related Security that may, from time to time, be offered by the Originator, or used to fund a Revenue Deficiency. After the Revolving Period, payments and prepayments of principal on the Loans will be applied to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments (see “Part 11: Cashflows”) or used to fund a Revenue Deficiency.

The occurrence of an Early Amortisation Event or Note Event of Default will affect yield to maturity of the Notes.

The occurrence of an Early Amortisation Event or a Note Event of Default will cause the Revolving Period to terminate, and all interest and principal receipts from the Issuer’s beneficial interest in the Portfolio to be applied (subject to the payment of senior ranking amounts due and payable in accordance with the applicable Priority of Payments), to redeem the Class A Notes

only. The occurrence of an Early Amortisation Event or a Note Event of Default will adversely affect the yield to maturity of the Class A Notes.

Subordination of the Class Z VFN

The Class Z VFN is subordinated in right of payment of interest and principal to the Class A Notes as set out in the Terms and Conditions of the Notes and the Priority of Payments. However, there is no assurance that the subordination of the Class Z VFN will protect the holders of Class A Notes from all risk of loss.

The Issuer will not issue or incur further debt which will rank senior to the Notes.

Deferral of Interest Payments on the Class Z VFN

If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding, the Issuer has insufficient funds to make payment in full of all amounts of interest payable in respect of the Class Z VFN after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 15 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of the Class Z VFN becomes immediately due and repayable in accordance with the Conditions. Such deferral will not constitute a Note Event of Default so long as the Class A Notes remain outstanding.

Failure to pay interest on the Class A Notes or, if the Class A Notes have been redeemed in full, the Class Z VFN, shall constitute a Note Event of Default under the Notes which may result in the Security Trustee enforcing the Issuer Security.

Market risks

Currently no market exists for the Notes. In addition, no assurance is provided that an active and liquid secondary market for the Notes will develop. To the extent that a secondary market exists or develops, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable such Noteholder to realise a desired yield. The Issuer is not and will not be obliged to make a market for the Notes. Consequently, any purchaser of Notes must be prepared to hold such Notes for an indefinite period of time and potentially until their Final Maturity Date.

EFG International Finance (Luxembourg) S.à.r.l., an affiliate of the Originator, purchased the Class A Notes on the Closing Date and EFG International (Guernsey) Limited, also an affiliate of the Originator, purchased the Class Z VFN on the Closing Date. It is expected, however, that the Class Z VFN will be held by an EFG Group entity for so long as the Class A Notes are outstanding.

In addition, the Notes are subject to certain restrictions on the resale and transfer as set forth under "*Part 14: Transfer Restrictions*", which may further limit their liquidity.

Lack of liquidity in the secondary market may adversely affect the market value of the Notes

The Notes are residential mortgage-backed securities. The ability of the Issuer to redeem the Notes in full, including following the occurrence of Note Event of Default, may depend upon whether the Loans can be realised to obtain an amount sufficient to redeem the Notes. There is not, at present, an active and liquid secondary market for mortgage loans of this type in the United Kingdom (being comparatively large loans made to high net worth individuals or to corporate entities associated with such persons).

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. It is not known if these conditions will adversely affect the Notes, which are mortgage-backed securities. There can be no assurance that such a market for the Loans will develop, or, if a secondary market does develop, there is no assurance that it will (i) provide sufficient liquidity of investment for the Loans to be realised or (ii) continue for the life of the Notes. Therefore, the Issuer, and following the occurrence of a Note Event of Default, the Security Trustee, may not be able to dispose of the Mortgages for an amount sufficient to redeem in full the Class A Notes or to pay in full amounts due to the other Secured Creditors.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Extended Term Collateral Repo and Funding for Lending Scheme and the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, the Notes are not expected to be eligible securities for the purpose of such facilities.

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

Borrowers seeking to avoid increased 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, slower prepayment spreads and higher losses which could have an adverse effect on the Issuer's ability to make payments under the Notes.

MATTERS RELATED TO THE STRUCTURE OF THIS TRANSACTION

Originator Trust limits certain rights of the Issuer and set-off rights exercised by Borrowers may reduce amounts available to redeem the Notes

The Trust Assets have not been assigned to the Issuer and legal title to the Loans will remain with EFG Private Bank Limited in its capacity as Originator Trustee under the Originator Trust. Accordingly, none of the Issuer, the Note Trustee or the Security Trustee will be in privity of contract with the Borrowers under the Loans and their Related Security and will not have the right to assert claims or effect remedies directly against the Borrowers. In the event of defaults by Borrowers under the Loans, the Issuer and the Note Trustee and the Security Trustee will have rights solely against the Originator under the Originator Trust Deed and will have no rights

against the Borrowers under the Loans and their Related Security and only EFG Private Bank Limited will be entitled to take any remedial actions or exercise any votes permitted to be taken or given thereunder.

In order to mitigate this position, the Originator Power of Attorney will allow the Issuer (or its nominee or sub-delegate, including a substitute servicer) or the Security Trustee to act in the name of EFG Private Bank Limited to enforce the Loans and their Related Security against the Borrowers and collect the proceeds therefrom upon the occurrence of certain events of default, without the need to seek the leave of a court under English insolvency laws.

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

- (a) for so long as the Issuer holds only a beneficial interest in the Loans and their Related Security, the Issuer's interest in the 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 Loans and their Related Security. Under the Originator Trust Deed, the Originator has agreed to certain restrictions on its ability to vary any of the terms of the Loans or the Related Security;
- (b) any legal proceedings taken against any Borrower must be taken in the name of the Originator only (see "*Part 9: Summary of the Key Transaction Documents - Originator Power of Attorney*"). In this regard, following a Power of Attorney Event, the Originator will undertake for the benefit of the Issuer that it will lend its name to and take such other steps as may be reasonably required by the Issuer, in relation to any legal proceedings in respect of any Loan or its Related Security;
- (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 such Borrower against his or her obligation to make payments under the relevant Loans to the Originator, for example, in respect of other deposit accounts the Borrower may have with the Originator in respect of the Originator's obligation to fund any further amount to a Borrower if it was contractually obliged to do so (including but not limited to under the Tranche Loans). These rights may result in the Issuer receiving less money than anticipated from the Portfolio.

The above restrictions may cause delays in enforcement of the Loans and their Related Security and/or, if set-off rights are exercised, may reduce the amounts available to the Issuer to redeem the Notes. These risks are intended to be mitigated through the level of credit enhancement in this transaction and by the Early Amortisation Events.

Restrictions on Transfer of Mortgages

There are provisions in the Mortgages which limit or restrict the transfer or assignment of the Mortgages. The transaction has been structured with the intention that such limitations or

restrictions are not contravened by the creation of the Originator Trusts which will remain in force. Such limitations or restrictions on transfer will not permit the appointment of a substitute Originator Trustee unless that originator is a bank or a financial institution. However, under the Originator Power of Attorney the Issuer may enforce, in the name of the Originator, the rights of the Originator to collect in the Loans and enforce the Related Security. Moreover, following certain defaults by the Originator, the Issuer can require that legal title in the Loans (but not the beneficial title, which will remain with the Issuer) be transferred to a different financial institution, to hold the same on trust for the Issuer. In addition, the Issuer may at any time request that the legal title in the Loans be vested in it and the Originator Trustee must, if and to the extent permitted by law, comply with such request.

Issuer dependent on the Originator to service the Loans and their Related Security

The Originator, as the named lender under the Mortgage Conditions, has agreed to service the Loans made thereunder in accordance with its ordinary business practice, subject to the terms of the Originator Trust Deed. The Issuer will be dependent upon the Originator and its servicing activities and the performance of its obligations under the Originator Trust Deed in order to receive amounts due from Borrowers under the Loans.

Risks relating to the insolvency of the Originator

The Originator Trust Deed creates in favour of the Issuer a beneficial interest in the Trust Assets. In the event a liquidator or administrator were to be appointed in respect of the business and property of EFG Private Bank Limited in the United Kingdom, the Issuer believes, and has received legal advice confirming that, the Originator Trust (upon execution of the Originator Trust Deed) will be validly constituted and that the effect of the Originator Trust Deed will be to remove the Trust Assets from the property of EFG Private Bank Limited available to a liquidator or administrator of EFG Private Bank Limited for distribution to the general creditors of EFG Private Bank Limited. There can be no assurance, however, that a court would reach the same conclusion.

It is possible that a liquidator or administrator appointed in relation to the business and property of EFG Private Bank Limited may commence proceedings to challenge the validity and effectiveness of the Originator Trust for the purpose of including the beneficial interest in the Trust Assets acquired by the Issuer under the Originator Trust Deed in the property and estate of EFG Private Bank Limited. If proceedings were commenced against the Issuer or in relation to the Originator Trust, delays in distributions on the Notes, possible reductions in the amount of payments of principal and interest on the Notes and limitations on the exercise of remedies under the Transaction Documents could occur.

RIGHTS OF NOTEHOLDERS AND SECURED CREDITORS

Conflict between Noteholders

The Note Trust Deed and the Issuer Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee to have regard to the interests of the Class A Noteholders and the Class Z VFN Holder equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise).

If, in the Note Trustee's opinion, however, there is or may be a conflict between the interests of the holders of the Class A Notes and the holders of the Class Z VFN, the Note Trustee will be required to have regard only to the interests of the holders of the Class A Notes and will not have regard to the interests of the holders of the Class Z VFN.

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Note Trust Deed and Condition 12.4.

Meetings of Noteholders, Modification and Waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit decisions of 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 Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee, with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders or any of the other Secured Creditors (i) may agree to (other than in respect of a Basic Terms Modification) any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders or (where the Note Trustee determines that there is a conflict between the interests of the Class A Noteholders and the interests of the Class Z VFN Holder), the Class A Noteholders or (ii) may agree to any modification which, in the Note Trustee's or, as the case may be, the Security Trustee's, opinion, is of a formal, minor or technical nature or to correct a manifest error. The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders, determine that a Note Event of Default shall not, or shall not subject to any specified conditions, be treated as such. See "*Part 4: Terms and Conditions of the Notes – Condition 12 (Meetings of Noteholders, Modification, Waiver and Substitution)*".

There is no guarantee that any changes made to the Transaction Documents and/or the Conditions pursuant to the obligations imposed on the Note Trustee and the Security Trustee as described above, would not be prejudicial to Noteholders.

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

Upon the occurrence of a Note Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by an Ordinary Resolution of the Class A Noteholders (or, if no Class A Notes are outstanding, if directed in writing by the holders of the Class Z VFN), shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), give a Note Acceleration Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Note Trust Deed.

Each of the Note Trustee and the Security Trustee may, at any time, at their 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 enforce the provisions of (in the case of the Note Trustee) the Notes or the Note Trust Deed (including the Conditions) and/or (in the case of the Security Trustee) the Issuer Deed of Charge or (in either case) of the other Transaction Documents to which it is a party and at any time after the service of a Note Acceleration Notice, the Security Trustee may, at its discretion without notice, take such steps as it may think fit to enforce the Issuer Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of a Note Acceleration Notice in accordance with Condition 10 (*Events of Default*)) unless:

- (a) it shall have been directed to do so by an Ordinary Resolution of the Class A Noteholders or (ii) for so long as no Class A Notes remain outstanding, it has been directed to do so by the Class Z VFN Holder; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction,

provided that the Note Trustee or the Security Trustee shall not, and shall not be bound to, act at the direction of the Class Z VFN Holder as aforesaid so long as any Class A Notes are outstanding. If the Note Trustee or the Security Trustee fail to exercise their discretion where they have not been directed as described above, it may adversely affect the ability of the Issuer to make payments on the Notes following the service of a Note Acceleration Notice.

See further "*Part 4: Terms and Conditions of the Notes – Condition 11 (Enforcement)*".

In addition, each of the Note Trustee and the Security Trustee benefit from indemnities given to them by the Issuer pursuant to the Transaction Documents.

MORTGAGE ADMINISTRATION 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, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, EFG Private Bank Limited, as the EFGPB Account Bank, has agreed to provide the EFGPB Bank Account to the Issuer pursuant to the EFGPB Bank Account Agreement, Elavon Financial Services D.A.C., UK Branch, as the Transaction Account Bank, has agreed to provide the Transaction Account to the Issuer pursuant to the Transaction Account Agreement, Elavon Financial Services D.A.C., UK Branch, as the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement and Elavon Financial Services D.A.C., UK Branch, as the Note Registrar and the Agent Bank have agreed to provide services with respect to the Notes pursuant to the Agency Agreement.

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, Noteholders may be adversely affected. In particular:

- (a) any failure or delay in the delivery of a Servicing Report to the Cash Manager could affect the payment of interest and principal on the Notes (as to which see Condition 5.9 (*Determinations and Reconciliation*)) and Noteholders acquiring or disposing of

an interest in the Notes following such delay or failure may be adversely affected by any subsequent reconciliations made under Condition 5.9 (*Determinations and Reconciliation*) in respect of payments of principal and interest made in the Notes on the basis of estimations made in the absence of a Servicing Report;

- (b) any failure or delay in the appointment of a substitute servicer may adversely affect the receipt of collections on the underlying Loans and their Related Security, which would adversely affect payments on the Notes;
- (c) if and when a substitute servicer is appointed and is enforcing the Loans in the name of the Originator for the benefit of the Issuer, there is no assurance that it will be able to commence its obligations in a timely manner if it has not had sufficient time to undertake a review of its contractual duties and obligations; and
- (d) any failure or delay by the Cash Manager in making the required determinations under the Transaction Documents or distributing moneys in accordance with the applicable Priority of Payments, could adversely affect the payment of interest and principal on the Notes.

Potential Conflicts of Interest

Parties to the transaction may perform multiple roles, including the Originator, who will act as servicer and an Account Bank.

Actual or potential conflicts may arise between the interests of the Originator and the interests of the Issuer and the Noteholders. In addition, the Originator may accept deposits from, make loans to or otherwise extend credit to, and generally engage in any kind of personal banking transactions with any existing or future Borrower. Various potential and actual conflicts of interest may arise from the activities of the Originator and/or its affiliates in connection with the transactions contemplated by these Listing Particulars.

Nothing in the Transaction Documents shall prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction:

- (a) having previously engaged or in the future engaging in transactions with other parties to the transaction;
- (b) having multiple roles in this transaction; and/or
- (c) carrying out roles in other transactions for third parties.

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 Transaction Account Bank, the

Cash Manager and the Originator in its servicing capacity) are required to satisfy certain criteria in order that they can continue to be a counterparty to the Issuer.

These criteria may include requirements imposed under the FSMA. If the party concerned ceases to satisfy the applicable criteria, 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. 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. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

LEGAL, TAX AND REGULATORY CONSIDERATIONS

Consumer Credit Act 1974

Certain lending in the United Kingdom is regulated by the Consumer Credit Act 1974 (the **CCA**). The regulator for credit agreements regulated by the CCA was the Office of Fair Trading (the **OFT**) before 1 April 2014, which issued licences and guidance on conduct of business under the CCA, and is the Financial Conduct Authority (the **FCA**) from 1 April 2014, which issues authorisation and permission and rules and guidance on conduct of business under the FSMA. The FCA is also the regulator for regulated mortgage contracts under the FSMA (please see “Part 5: Risk Factors – FCA Regulation of Mortgage Business”).

A credit agreement is regulated by the CCA where: (a) the borrower is or includes an “individual” as defined in the CCA; (b) the credit agreement was made before the financial limit was removed (as described below), the amount of “credit” as defined in the CCA did not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998 or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA. The Originator considers that at least 50% of the Loans in the Portfolio are regulated mortgage contracts as at the First Trust Date.

Any credit agreement 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, and any credit agreement intended to be regulated by the CCA or treated as such, or unregulated, might instead be a regulated mortgage contract under the FSMA 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 (for example, certain types of credit agreement to finance the purchase of, or alteration to, homes or business premises, or regulated mortgage contracts under the FSMA); or

- (c) changes to credit agreements.

Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with the requirements as to licensing or authorisation of lenders and brokers, documentation and procedures of credit agreements, and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements then, to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower: (a) without an order of the FCA or the court, if the lender or broker did not hold the required licence or authorisation at the relevant time; (b) totally, for agreements entered into before 6 April 2007, if the form to be signed by the borrower was not signed by the borrower personally or omits or misstates a “prescribed term”; or (c) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability by the lender.

A court order under section 126 of the CCA is necessary to enforce a land mortgage securing a loan or further advance to the extent that the credit agreement is regulated by the CCA or treated as such. In dealing with such an application, the court has the power, if it appears just to do so, to amend the credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

Under section 75 of the CCA, in certain circumstances the lender is liable to the borrower in relation to misrepresentation and breach of contract by a supplier in a transaction financed by a credit agreement that is wholly or partly regulated by the CCA or treated as such. 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 a rule under the FSMA. From 1 April 2014, such rules will include rules in the Consumer Credit sourcebook (**CONC**). The borrower may set off the amount of the claim against the lender under section 75 of the CCA, or for contravention of CONC, against the amount owing by the borrower under the loan or under any other loan that the borrower has taken with the lender. Any such set-off in relation to a Loan in the Portfolio may adversely affect the Issuer’s ability to make payments on the Notes.

Consumer Credit Act 2006

The Consumer Credit Act 2006 (the **CCA 2006**) was enacted on 30 March 2006 and was fully implemented by 31 October 2008. The CCA 2006 updates and amends the CCA as follows.

The “extortionate credit” regime is replaced by an “unfair relationship” test. The unfair relationship test applies to all existing and new credit agreements, except regulated mortgage contracts under the FSMA. If the court makes a determination that the relationship between the lender and the borrower is unfair, then it may make an order, among other things, requiring the originator, or any assignee such as the Issuer, to repay to the borrower any sum paid by him. In applying the unfair relationship test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor’s conduct before and after making the agreement. There is no statutory definition of the word “unfair”, as the intention is for the test to be flexible and subject to judicial discretion. However, the word “unfair” is not an unfamiliar term in United Kingdom legislation, due to the Unfair Terms in Consumer Contracts Regulations 1999. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of “treating customers fairly” under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the OFT on the unfair relationship test, may also be

relevant. Once the borrower alleges that an unfair relationship exists, then the burden of proof is on the creditor to prove the contrary.

The financial limit of £25,000 for CCA regulation has been removed for credit agreements made on or after 6 April 2008, except for (a) certain changes to credit agreements, and (b) certain buy-to-let loans made before 31 October 2008.

To the extent that a credit agreement is regulated by the CCA or treated as such, it is unenforceable for any period in which the lender fails to comply with requirements as to default notices. From 1 October 2008: (a) the credit agreement is also unenforceable for any period in which the lender fails to comply with further requirements as to periodic statements and arrears notices; (b) the borrower is not liable to pay interest or, in certain cases, default fees for any period in which the lender fails to comply with further requirements as to post-contract disclosure; and (c) interest upon default fees is restricted to nil until the 29th day after the day on which a prescribed notice is given and then to simple interest (i.e. interest may only be calculated on the principal amount of the default sum).

Early repayment charges are restricted by a formula under the CCA which applies to the extent that the credit agreement is regulated by the CCA or treated as such. A more restrictive formula applies generally to all such credit agreements made on or after 11 June 2010.

These changes to the CCA may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

The Originator has interpreted certain technical rules under the CCA in a way common with many other lenders in the mortgage market. If such interpretation were held to be incorrect by a court or the Ombudsman, then a Loan, to the extent that it is regulated by the CCA or treated as such, would be unenforceable as described above. If such interpretation were challenged by a significant number of Borrowers, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

The Originator has given or, as applicable, will give warranties to the Issuer in the Originator Trust Deed that, among other things, each Loan and its Related Security is enforceable (subject to exceptions). If a Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within 60 Business Days, then the Originator will, upon receipt of notice from the Issuer, be required to re-acquire the beneficial interest of the Issuer in all the relevant Loans secured on the same Property (together, forming one Mortgage Account) and their Related Security from the Issuer.

FCA Regulation of Mortgage Business

The Financial Services and Markets Act 2000 (as amended) (**FSMA**) regulates financial services in the United Kingdom. The FSMA states that no person may carry on a regulated activity in the United Kingdom, or purport to do so, unless he is an authorised person or an exempt person. Regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as **N(M)**).

On 1 April 2013, following amendments made to the FSMA by the Financial Services Act 2012 many functions of the Financial Services Authority were transferred to the Financial Conduct Authority (the **FCA**) and the Prudential Regulation Authority (the **PRA**). Under the new structure the FCA has taken over, amongst other things, the Financial Services Authority's responsibility for the authorisation and supervision of persons carrying on specified regulated mortgage-related activities under the FSMA.

The PRA is responsible for the prudential supervision of deposit takers, insurers and a small number of significant investment firms. Depending on the scope of a firm's authorisation and permissions, firms involved in the residential mortgage market may be regulated by both authorities (in which case they will be known as dual-regulated firms) or by the FCA only. Firms authorised by the Financial Services Authority prior to 1 April 2013 had their authorisations transferred to the relevant authorities and did not need to apply for new authorisations. The Originator is regulated by both the PRA and the FCA.

The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) (the **Regulated Activities Order**) provides that after the Mortgage Regulation Date (as defined in the Regulated Activities Order) the following four activities will be regulated activities under the FSMA: (a) entering into as lender, (b) in certain circumstances administering, (c) arranging, and (d) advising on a regulated mortgage contract. Agreeing to carry on any of these activities will also be a regulated activity.

A contract is a "regulated mortgage contract" for the purposes of the Regulated Activities Order if it is originated after the Mortgage Regulation Date (as defined in the Regulated Activities Order), or originated prior to N(M) but varied after N(M) such that a new contract is entered into, and at the time it is entered into, (i) the contract is one under which the lender provides credit to an individual or to trustees (the "**borrower**"), (ii) the contract provides for the repayment obligation of the borrower to be secured by a mortgage on land (other than timeshare accommodation) in the EEA (as amended by the Mortgage Credit Directive with effect from 21 March 2016) and (iii) 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. Non-compliance with certain provisions of the FSMA may require a lender to seek a court order to enforce a regulated mortgage.

The Regulated Activities Order sets out certain exclusions to these provisions. Among other things, these exclusions state that a person who is not an authorised person does not carry on the regulated activity of administering a regulated mortgage contract where he (i) arranges for another person, being an authorised person with permission to carry on an activity of that kind, to administer the contract or (ii) administers the contract himself during a period of not more than one month beginning with the day on which any such arrangement comes to an end.

The Originator is required to hold, and holds, authorisation and permission to enter into and to administer and, where applicable, to advise on 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 the FSMA. The Issuer does not carry on the regulated activity of administering (servicing) regulated mortgage contracts because the Loans are serviced by the Originator pursuant to the terms of the Originator Trust Deed, who has the required FCA authorisation and permission. If such servicing arrangement terminates, however,

the Issuer will be required to arrange for mortgage administration to be carried out by a replacement servicer having the required FCA authorisation and permission.

The Issuer will not itself be an authorised person under the FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a regulated mortgage contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. In addition, on and after N(M), no variation is permitted to be made to the Loans and no Further Advance, Further Tranche or Product Switch is permitted to be made in relation to a Loan, where it would result in the Issuer arranging or advising in respect of, administering (servicing) 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.

If the lender or any broker did not hold the required authorisation at the relevant time, the regulated mortgage contract is unenforceable against the borrower except with the approval of a court. If the financial promotion was not issued or approved by an authorised person, the regulated mortgage contract and any other "qualifying credit" is unenforceable against the borrower except with the approval of a court. An unauthorised person who administers a regulated mortgage contract may commit a criminal offence, but this will not render the contract unenforceable against the borrower.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook (**MCOB**), which sets out the FCA's (and formerly, 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.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an FCA authorised person of a rule made under the FSMA. These rules include MCOB, and from 1 April 2014 includes the Consumer Credit sourcebook which transposed certain requirements and guidance previously made under the Consumer Credit Act 1974 (described below). The borrower may set-off the amount of the claim for such contravention against the amount owing by the borrower under the credit agreement or any other credit agreement he has taken with the authorised person (or exercise analogous rights in Scotland). Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.

In June 2010, the FSA made changes to MCOB (subsequently amended following implementation of the Mortgage Credit Directive on 21 March 2016 in particular MCOB 13 was amended to account for vulnerable customers and data sharing with other charge holders) which effectively convert previous guidance on the policies and procedures to be applied by authorised firms with respect to forbearance in the context of regulated mortgage contracts into formal mandatory rules. Under these 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 FCA has indicated that it does not expect each forbearance option referred to in the rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant loan may be subject to as a result, inter alia, of such loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Originator in its capacity as servicer to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the servicing arrangements contemplated by such Transaction Documents) in respect of one or more Loans. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Loans that involve a borrower who experiences payment difficulties.

Any further changes to MCOB or the FSMA arising from changes to mortgage regulation or the regulatory structure, may adversely affect the Loans, the Originator (both in its capacity as originator and as servicer) and the Issuer and their respective businesses and operations. For further details on changes to MCOB or the FSMA, see "*— Changes to United Kingdom and EU mortgage regulation*" below.

Changes to United Kingdom and EU mortgage regulation

There can be no assurance that the developments described herein, in respect of the changing regulatory regime, will not have an effect on the mortgage market in the United Kingdom generally 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 and/or the Issuer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments on the Notes.

FCA mortgage market review

The FCA published final rules implementing its mortgage market review in October 2012. The majority of these new rules came into effect on 26 April 2014 through amendments to MCOB. Key changes include a requirement for lenders to undertake affordability assessments at origination (including verifying income in all cases) and undertake stress tests to ensure mortgages remain affordable when interest rates increase. For interest-only mortgages, lenders must check that borrowers have a credible plan to repay the capital at the end of the loan. There are also changes to disclosure requirements (the initial disclosure document is replaced with a requirement for firms to disclose key messages to customers), arrears management and the sales process. The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013, and mortgages entered into on or after 26 April 2014 must comply with these rules. These rules only apply to a Loan if (i) it is varied so as to increase the principal amount outstanding under the relevant Loan (e.g. by way of further advance) on or after 26 April 2014; and (ii) MCOB applies to the Loan generally as a regulated mortgage contract (as to which see "Part 5: *Risk Factors — FCA Regulation of Mortgage Business*" above). To the extent that these rules do apply to any of the Loans, failure to comply with these rules may entitle a borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set-off may adversely affect the Issuer's ability to make payment on the Notes.

EU directive on credit agreements relating to residential property

The Council of the European Union adopted the Mortgage Credit Directive (**MCD**) on credit agreements for consumers relating to residential immovable property on 28 January 2014. The directive came into force on 21 March 2014. The UK Government published the Mortgage Credit Directive Order (**MCDO**) on 25 March 2015 which came into effect on 21 March 2016 and made changes to the FCA handbook and in particular MCOB to implement the MCD.

The main provisions of the MCD include consumer information requirements, principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment, provisions on foreign currency loans, provisions on tying practices, some high-level principles (e.g. those covering financial education, property valuation and arrears and foreclosures) and a passport for credit intermediaries who meet the admission requirements in their home Member State. This regime applies equally to first and, from 21 March 2016 second charge mortgages (second charge mortgage regulation was previously regulated under the consumer credit regime). Therefore to undertake second charge mortgage business, lenders, administrators and brokers have to be authorised and hold the correct permissions. This regime covers secured loans where any part of the property over which the loan is secured, is occupied by the borrower (or a relative of the borrower) and the borrower is not acting in the course of a business, trade or profession i.e. the MCD covers lending where the purpose is to buy or retain rights in residential immovable property. Under this new regime, mortgages will be regulated if any part of the property is occupied by the borrower (or a relative of the borrower) and the borrower is not acting in the course of a business, trade or profession.

Other changes to mortgage regulation

There can be no assurance that this section entitled “Part 5: *Risk Factors — Legal, tax and regulatory considerations*” comprehensively describes all proposed changes to relevant regulation or that there will be no further changes to regulation that may have an effect on the mortgage market in the United Kingdom generally or specifically in relation to the Originator. Further, there can neither be assurance that regulators' interpretation of existing rules and regulations will remain unchanged nor whether any such regulator may apply such interpretations in respect of actions or conduct already undertaken. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Originator and its business and operation. This may adversely affect the Issuer's ability to make payments on the Notes.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to 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 originated by a United Kingdom lender from an establishment in the United Kingdom, will not be cancellable under these regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements 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. Where the credit agreement is cancellable under these regulations, the borrower may send

notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, 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 sending notice of cancellation or, if later, the lender 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 Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of the Loans, affecting the Issuer's ability to make payments in full on the Notes when due.

Unfair Consumer Contracts Terms Legislation

The Consumer Rights Act (2015) ("**CRA**") replaces the Sale of Goods Act, Unfair Terms in Consumer Contract Regulations and the Supply of Goods and Services Act.

The Unfair Terms in Consumer Contracts Regulations 1999 (as amended) (the "**UTCCR**") applies to any term of an agreement entered into on or after 1 October 1999 to and including 30 September 2015 by a "consumer" within the meaning of the UTCCR where the term has not been individually negotiated. Regulation 2 of the UTCCR revoked and replaced the Unfair Terms in Consumer Contracts Regulations 1994, which applied to agreements entered into between 1 July 1995 and 30 September 1999 and are replaced by the UTCCR. Any term found to be "unfair" within the meaning of the UTCCR will not be 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 FSA (the predecessor to the FCA) and Office of Fair Trading ("**OFT**") issued guidance notes on unfair contract terms under these regulations which covered, among other things, what is to be considered an unfair term and its view on the application of UCTTR to clauses that permit for interest variations in mortgage loan contracts without good reason.

The CRA has effect from 1 October 2015 and applies to all "consumer contracts" and "consumer notices" (which may be either oral or written) as defined by the CRA. Any term or consumer notice found to be "unfair" within the meaning of the CRA (contrary to the requirement of good faith, the term causes a significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer) will not be binding on the consumer. For example, if a term permitting the lender to vary the interest rate (as the Originator is permitted to do) were to be found by a court to be unfair under either the CRA or the UTCCR, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the credit agreement or any other credit agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland). The remainder of the contract continues, so far as practicable, to have effect in every other respect. There are no Loans in the Portfolio entered into on or after 1 October 2015 and as such the UTCCR, but not the CRA, will be applicable to any term of a Loan in the Portfolio. However, the CRA also has provisions for

notices that relate to rights or obligations between a trader and a consumer or that purport to exclude or restrict a trader's liability to a consumer (requiring such notices to be fair and transparent). Such provisions of the CRA will apply to relevant notices given under the terms of the Loans (even though the CRA does not apply to the terms of such Loans themselves).

The CRA provides the following exemptions to the fairness test. Certain terms and notices covered by legal provisions are exempt from the fairness test. This is sometimes referred to as the "mandatory statutory to regulatory exemption". Where consumers need information in order to understand the effects of the legal provisions this needs to be provided in or with the contract. It is therefore not sufficient for the wording used to only mention the relevant legal provisions by name. Secondly, a term may not be assessed for fairness where it specifies the main subject matter (the "core exemption") of the contract to the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content, or services supplied under it. However, a core term may only be excluded from an assessment for fairness where it is both transparent and prominent. A term is transparent where it is expressed in plain and intelligible language and legible (where the term is written). The prominence of the term is determined by how the term is brought to the consumer's attention (in such a way that the average consumer would be aware of it). The average consumer is one who is "reasonably well informed, observant and circumspect". This means that onerous exclusions need to be prominently set out to avoid assessment for unfairness. In the CMA's view, in order to be prominent and benefit from the "core exemption", terms need to be brought to the consumer's attention in a way that is practically effective. It is not merely about highlighting terms visually in the contract document. Where consumers need information in order to understand the effects of the legal provisions this needs to be provided in or with the contract. It is therefore not sufficient for the wording used to only mention the relevant legal provisions by name.

Certain terms are presumed to be unfair and the CRA adds to the list of those under the UTCRRs those already recognised as unfair by including terms regarding: disproportionately high charges where the customer decides to cancel the contract; terms enabling the firm to determine the characteristics of the subject matter of the contract after the conclusion of the contract; and terms allowing the trader to determine the price after the consumer is bound by the agreement. The CRA also expressly states that in proceedings by consumers, the court is required to consider the fairness of a term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task.

The Competition & Markets Authority (**CMA**) published its finalised guidance on the unfair terms provisions in the Consumer Rights Act on 31 July 2015 which sits alongside two complementary CMA publications aimed particularly at smaller businesses and others who require a short introduction to unfair terms law and to the CMA's approach to unfair terms enforcement.

Additionally, the FCA recently updated the Unfair Contract Terms Regulatory Guide (**UNFCOG**) which sets out the FCA's approach to assessing the fairness of a contract term. In deciding whether to ask a firm to undertake to stop including a term in new contracts or to stop relying on it in concluded contracts, the FCA considers the full circumstances of each case, including:

- whether the FCA is satisfied that the term may properly be regarded as unfair within the meaning of the CRA;

- the extent and nature of the detriment to consumers resulting from the term or the potential harm which could result from the term; and
- whether the firm has fully cooperated with the FCA in resolving their concerns about the fairness of the particular contractual term.

Guidance withdrawn by the FCA relating to the law before the CRA should not be relied on as it may no longer reflect the FCA's view on unfair terms but may still be relevant to terms governed by UTCCR as explained above. The FCA has no current intention to publish updated guidance to replace its previously issued guidance on unfair contract terms.

The broad wording of the CRA/UTCCR makes any assessment of the fairness of terms largely subjective and difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any loans which have been made or may be made to borrowers covered by the CRA/UTCCR may contain unfair terms which may result in the possible unenforceability of the terms of such loans. In addition, the guidance has changed over time and new guidance issued in the future by the FCA may differ. Whilst the CMA/FCA has powers to enforce the CRA/UTCCR, it would be for a court to determine their proper interpretation. No assurance can therefore be given that changes in the CRA/UTCCR or related guidance or the publication of new or additional guidance in the future would not have a material adverse effect on the Originator, the Issuer, the Note Trustee and the Security Trustee and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

Decisions of the Ombudsman could lead to some terms of the Loans being varied, which may adversely affect payments on the Notes

Under the FSMA, the Ombudsman is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code issued by the Council of Mortgage Lenders, occurring before the Regulation Effective Date may be dealt with by the Ombudsman.

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, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

Consumer Protection from Unfair Trading Regulations 2008

The Unfair Commercial Practices Directive (**UCP**), which took effect on 11 May 2005, seeks to regulate unfair commercial practices across the EU by establishing rules for the protection of consumers. Generally, the UCP applies full harmonisation, which means that member states of the European Union may not impose more stringent provisions in the fields to which full

harmonisation applies. By way of exception, this Directive permits member states of the European Union to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans. The UCP provided for a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies.

The UCP applies to all consumer contracts and contains a wide prohibition on "unfair commercial practices" with examples of practices which would violate this principle by virtue of being "misleading" or "aggressive". Examples of such conduct include the dissemination of false information at any stage of the relationship or conduct involving harassment, coercion or undue influence.

In the UK the UCP was implemented through the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. 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. Consequently, there is a risk that breach of the CPUTR would initiate intervention by a regulator and may lead to criminal sanctions.

The Law Commission and the Scottish Law Commission reviewed the current private law in this area and found it to be fragmented and unclear. On 28 March 2012 the two Law Commissions published a report entitled "Consumer Redress for Misleading and Aggressive Practices", which sets out recommendations for reform.

On 14 March 2013 the European Commission (the "**Commission**") published the results of its review on the application of the UCP. The Commission does not propose amending the UCP but has indicated that intensified national enforcement and reinforced cooperation in cross-border enforcement are needed.

Going forward the Commission will consider how it can play a more active role in enforcement and will continue to perform in-depth reviews of how the directive works in practice.

No assurance can be given that the CPUTR will not adversely affect the ability of the Issuer to make payments on the Notes. Furthermore, the Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014. The legislation gives consumers a direct right of action including a right to unwind agreements within 90 days of entering into the contract if a misleading or aggressive practice under the CPUTR was a significant factor in the consumer's decision to enter into the contract. The amendments to CPUTR also extend the regime so that it covers misleading and aggressive demands for payment. The legislation applies to demands for payment for restricted-use credit (where the credit must be used to finance a particular transaction) where the misleading or aggressive commercial practice: (a) began before 1 October 2014 and continues after that date – however, a consumer will only be able to exercise his new direct rights of action if a contract is entered into, or payments are made, after the date the legislation comes into force; and (b) occurs on or after 1 October 2014.

Mortgage Repossession

A protocol for mortgage repossession cases in England and Wales issued by the Civil Justice Council came into force on 19 November 2008 and sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an

owner-occupier is in arrears. The application of such moratorium is subject to the wishes of the borrower and may not apply in cases of fraud.

The Mortgage Repossession (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order. The Mortgage Repossession (Protection of Tenants etc.) Act 2010 may result in lower recoveries under the Loans and may affect the ability of the Issuer to make payments under the Notes.

U.S. Foreign Account Tax Compliance Act (FATCA) withholding may affect payments on the Notes

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements.

The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

UK tax treatment of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the **TSC Regulations**)). 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.

Investors should note, however, that the TSC Regulations are in short-form and advisors rely significantly upon guidance from the UK tax authorities when advising on the scope and operation of the TSC Regulations including whether any particular company falls within the regime.

Prospective Noteholders should note that if the Issuer did not fall to be taxed under the regime provided for by the TSC Regulations then its profits or losses for tax purposes might be different

from its cash position. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Noteholders.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Withholding Tax under the Notes

As of the date of these Listing Particulars, no withholding or deduction for or on account of UK tax will be required on interest payments by the Issuer to any holders of the Notes, provided that the Notes are securities, carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Exchange is a recognised stock exchange for such purposes and the Notes will be treated as listed on the Exchange if they are officially listed in Guernsey in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Main Market of the Exchange.

Except as set out in the paragraph below, in the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders of any amounts due under the Notes, none of the Issuer or any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. However, in certain circumstances, the Issuer will, in accordance with Condition 7.5 (*Optional Redemption of the Class A Notes for Taxation or Other Reasons*), use reasonable endeavours to prevent such an imposition in relation to the Class A Notes.

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity of the Notes for certain investors

The Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **Basel III**). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**).

The Basel III reform package has been implemented in the European Economic Area (the **EEA**) through the CRR (which entered into force on 28 June 2013) and an associated directive (the recast Capital Requirements Directive (the **CRD**)) (which was required to be transposed by Member States by 31 December 2013) (together, **CRD IV**). The regulation establishes a single set of harmonised prudential rules which apply directly to all credit institutions and investment firms in the EEA, with the directive containing less prescriptive provisions which are required to be transposed into national law.

Full implementation began from 1 January 2014, with particular elements being phased in over a period of time, with full implementation by 2019.

As CRD IV allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to national variation. The Basel Committee has also published certain proposed revisions to the securitisation framework, including changes to the approaches to calculating risk weights and reducing the risk weight floor for senior exposures from 15% to 10%.

In November 2016, the Commission adopted a legislative proposal for CRR II, which contained, inter alia, measures introducing the net stable funding requirements, as provided for in Article 510(3) of the CRR. On 3 January 2017, the Basel Committee issued a press release stating that a meeting by the Group of Central Banks and Heads of Supervision on finalising Basel III reforms had been postponed in order to finalise proposals on the reforms.

The changes under CRD IV and Basel III as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, 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 framework (including the 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.

Regulatory initiatives may result in increased regulatory capital requirements 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 as well as covered bonds.

In relation to asset backed securities, the increased regulatory initiatives have resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory 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 or the Originator makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. In particular, in the context of the requirements which apply in respect of EU regulated credit institution investors, investment firms and authorised alternative investment fund managers, coming legislative developments may result in changes to the corresponding interpretation materials which apply in respect of such requirements. No assurance can be provided that any such changes will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above may or may not apply respect of the Notes; however, pursuant to the Note Purchase Agreement, the Originator has undertaken that it will, whilst any of the Notes remain outstanding, ensure that a material net economic interest in the securitisation transaction is retained in accordance with each of Article 405 of the Regulation (EU) No.575/2013 (referred to as the Capital Requirements Regulation) and Article 51 of the Regulation (EU) No 231/2013 (referred to as the Alternative Investment Fund Managers Regulation) (which, in each case, does not take into account any corresponding national measures). Investors should nonetheless make themselves aware of the risk retention and due diligence requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Originator, the Originator Trustee, the Cash Manager or any other party makes any representation that the information described above is sufficient in all circumstances for such purposes.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Prospective investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

Risks in relation to the United Kingdom's vote to leave the European Union

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the **Brexit Vote**) and on 29 March 2017 the United Kingdom gave formal notice (the **Article 50 Notice**) under Article 50 of the Treaty on the European Union (**Article 50**) of its intention to leave the European Union.

The timing of the UK's exit from the EU remains subject to some uncertainty, but it is unlikely to be before March of 2019. Article 50 provides that the EU treaties will cease to apply to the UK two years after the Article 50 Notice unless a withdrawal agreement enters into force earlier or the two year period is extended by unanimous agreement of the UK and the European Council.

The terms of the UK's exit from the EU are also unclear and will be determined by the negotiations taking place following the Article 50 Notice. It is possible that the UK will leave the EU with no withdrawal agreement in place if no agreement can be reached and approved by all relevant parties within the allotted time. If the UK Government leaves the EU with no withdrawal agreement, it is likely that a high degree of political, legal, economic and other uncertainty will result.

In addition to the economic and market uncertainty this brings there are a number of potential risks in relation to your notes that you should consider:

(i) Political uncertainty

The UK is experiencing a period of acute political uncertainty connected to the negotiations with the EU, including following the UK general election held on 8 June 2017 (the **June 2017 Election**), which resulted in no party having an overall majority in Parliament. Such uncertainty could lead to a high degree of economic and market disruption and legal uncertainty. It is not possible to ascertain how long this period will last and the impact it will have on the UK in general and the market, including market value and liquidity, for asset-backed securities similar to the notes in particular. The issuer cannot predict when or if political stability will return, or the market conditions relating to asset-backed securities similar to the notes at that time.

(ii) Legal uncertainty

A significant proportion of English currently derives from or is designed to operate in concert with European Union law. This is especially true of English relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, market infrastructure and mortgage and consumer credit regulation. The EU Withdrawal Bill announced to the UK Parliament on 10

October 2016 and in relation to which a UK Government white paper was published on 30 March 2017 aims to incorporate the EU law *acquis* into UK law the moment before the UK ceases to be a member of the EU, with the intention of limiting immediate legal change. That white paper describes a EU Withdrawal Bill that grants the UK Government wide powers to make secondary legislation in order to adapt those laws that would otherwise not function sensibly once the UK has left the EU. Over time, however – and depending on the timing and terms of the UK's exit from the EU – significant changes to English law in areas relevant to the Transaction and the parties to the Transaction Documents are likely. The Issuer cannot predict what any such changes will be and how they may affect the issuer's ability to make payments of principal and interest under the Notes.

(iii) Regulatory uncertainty

There is significant uncertainty about how financial institutions from the remaining EU 27 members (**EU27**) with assets (including branches) in the UK will be regulated and vice versa. At present, EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a pass-porting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Once the UK ceases to be a Member State of the EU, the current passporting arrangements will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes. The ability of regulated financial institutions to continue to do business between the UK and the EU27 after the UK ceases to be a Member State of the EU would therefore be subject to separate arrangements between the UK and the EU27. Although the UK Government has said that it "will be aiming for the freest possible trade in financial services between the UK and EU Member States" in a white paper setting out its Brexit negotiation objectives, there can be no assurance that there will be any such arrangements concluded and, if they are concluded, when and on what terms. Such uncertainty could adversely impact the ability of third parties (including parties to the Transaction Documents) who are regulated financial institutions to provide services to the Issuer.

(iv) Market uncertainty

Since the Brexit Vote, there has been volatility and disruption of the capital, currency and credit markets, including the market for asset-backed securities. There may be further volatility and disruption depending on the conduct and progress of the formal withdrawal negotiations initiated by the Article 50 Notice.

Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the notes in secondary resales even if there is no decline in the performance of the mortgage portfolio. In addition, any increased disruption in the financial markets may affect the rate at which the originators originate mortgage loans, which

would in turn increase the risk of certain trigger events included in the Transaction Documents occurring, including termination events

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

(v) Counterparty risk

Counterparties on a transaction under the transaction may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the Brexit Vote, the Article 50 Notice and the conduct and progress of the formal withdrawal negotiations. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on their ability to provide services to the Issuer and, accordingly, on the ability of the Issuer to make payments of interest and repayments of principal under the notes.

(vi) Adverse economic conditions affecting borrowers

The uncertainty and market disruption following the Brexit Vote, the June 2017 Election and the delivery of the Article 50 Notice may cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions may affect borrowers' willingness or ability to meet their obligations under the mortgage loans, resulting in increased defaults in the mortgage portfolio and may ultimately affect the ability of the Issuer to pay interest and repay principal under the Notes.

(vii) Wider UK constitutional implications

The Brexit Vote has also caused increased constitutional tension within the UK. Majorities of voters in both Scotland and Northern Ireland voted to remain in the European Union. Leading figures in both Scotland and Northern Ireland have suggested that they have a mandate from their voters to remain in the EU and might seek to leave the United Kingdom in order to achieve that outcome. On 28 March 2017, the Scottish parliament voted to begin the process of holding a second referendum on Scottish independence, but the UK Government has indicated it will not allow this process to proceed until the Brexit process is complete. The Issuer cannot predict the outcome of this continuing constitutional tension or how the future departure of Scotland and/or Northern Ireland from the UK would affect the transaction and the ability of the Issuer to pay interest and repay principal under the Notes.

No assurance can be given that any of these factors would not adversely affect the ability of the Issuer to make timely payments of interest and principal under the Notes.

While the extent and impact of these issues is unknown, noteholders should be aware that they could have an adverse impact on the Issuer and its ability to make payments of interest and repayments of principal under the Notes.

English law security and insolvency considerations

The Issuer has entered into the Issuer Deed of Charge pursuant to which it granted the Issuer Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see “*Part 9: Summary of the Key Transaction Documents — Issuer Deed of Charge*”). If insolvency proceedings are commenced in respect of the Issuer, the ability to realise the Issuer Security may be delayed and/or the value of the Issuer Security impaired.

The Insolvency Act 1986 allows 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, it should be applicable to the floating charge created by the Issuer and granted by way of security to the Security Trustee. However, as this is partly a question of fact, were it not to be 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 ability to realise the Issuer 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 provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer 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 Issuer 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 Issuer 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 (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law). 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 Security 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 liquidator 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 1986 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* [2004] UKHL 9 (**Re Leyland Daf**), 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 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result 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 granted by the Issuer would be reduced by the amount of all, or a significant proportion of, any liquidation expenses.

Risks relating to the Banking Act 2009 and the European Union Bank Recovery and Resolution Directive

The UK Banking Act 2009 (the **Banking Act**) includes provision for a special resolution regime pursuant to which specified UK authorities have power to apply certain tools (by way of instrument or order) to deal with the failure (or likely failure) of a UK bank or building society. The Banking Act has been amended a number of times, most recently on 1 January 2015, to ensure that it is compliant with the EU's Bank Recovery and Resolution Directive (2014/59/EU) (the **Directive**). The Directive was published in the Official Journal of the EU on 12 June 2014 and largely came into force on 2 July 2014.

Amongst other things, the Directive provides for the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities (including a bail-in tool) and for special rules for cross-border groups.

Provision has been made for certain tools to be used in respect of a wider range of UK entities, including banks, investment firms and certain banking group companies.

The tools currently available under the Banking Act include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that these extended

tools could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them. Further, UK authorities have a wide discretion in exercising their powers under the special resolution regime, including modifying or setting aside any Act of Parliament by order of HM Treasury to facilitate its Banking Act objectives.

Although no instrument or order has been made under the provisions of the Banking Act in respect of a relevant transaction entity, as described above, such instrument order or the bail-in power may if used (amongst other things) affect the ability of other entities (such as EFG Private Bank in its capacity as the Originator and the EFGPB Account Bank) to satisfy their obligations under the relevant Transaction Documents and/or result in modifications to such documents, which may in turn affect the Issuer's ability to meet its obligations in respect of the Notes. For example, certain of the Seller's liabilities might be bailed-in in whole or part.

The Issuer is a securitisation company and not a "banking group company" for the purposes of the UK Banking Act 2009. Therefore such tools could not be directly applied to the Issuer and so, for example, the Notes would not directly become subject to a bail in under the Banking Act (or other legislation implementing the Directive). Nonetheless there is the risk that such tools may be applied to other entities in a manner that indirectly affects the ability of the Issuer to meet its obligations in respect of the Notes, as discussed above.

Pensions Act 2004

Under the Pensions Act 2004 a person that is 'connected with' or an 'associate' of an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction.

The Issuer may be treated as 'connected with' an employer under an occupational pension scheme which is within the EFG Group.

A contribution notice could be served on the Issuer if it was party to an act or a deliberate failure to act, the main purpose or one of the main purposes of which was either (i) to prevent the recovery of the whole or any part of a debt which was, or might become, due from the employer under section 75 of the Pensions Act 1995 or (ii) otherwise than in good faith, to prevent such a debt becoming due, to compromise or otherwise settle such a debt, or to reduce the amount of such a debt which would otherwise become due.

A financial support direction could be served on the Issuer where the employer is either a service company or insufficiently resourced. An employer is insufficiently resourced if the value of its resources is broadly less than 50 per cent. of the pension scheme's deficit calculated on an annuity buy-out basis and there is a connected or associated person whose resources at least cover that difference. A financial support direction can only be served where the Pensions Regulator considers it is reasonable to do so, having regard to a number of factors.

If a contribution notice or a financial support direction were to be served on the Issuer this could adversely affect the interests of the Noteholders.

Change of Law

The structure of the issue of the Notes is based on law and administrative practice in effect as at the date of these Listing Particulars as it affects the parties to the transaction and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of these Listing Particulars 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.

Part 6: Description of the Issuer

Introduction

Chestnut II Mortgage Financing PLC (the **Issuer**) was incorporated in England and Wales on 21 August 2017 (registered number 10925853) as a public limited company under the Companies Act 2006 (as amended) for an unlimited period. The registered office of the Issuer is 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is +44 (0)20 7398 6300.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1.00 each, 49,999 of which are partly-paid up in cash as to 0.25p each and one of which is fully paid up to £1.00. All of the shares of the Issuer are owned by Chestnut II Mortgage Financing Holdings Limited (**Holdings**).

The Originator Trustee does not own directly or indirectly any of the share capital of Holdings or the Issuer. The Issuer was established as a special purpose entity for the purpose of issuing the Notes. The Issuer wishes to be treated as a 'special purpose vehicle' under Chapter 8 of the listing rules of the Authority.

The activities of the Issuer are restricted by the Transaction Documents and are limited to the issue of the Notes, the exercise of related rights and powers and other activities referred to herein or incidental thereto.

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

In accordance with the Corporate Services Agreement, Intertrust Management Limited, as Corporate Services Provider, will provide to the Issuer certain directors, a registered and administrative office, the arrangement of meetings of directors and shareholders and procure the service of a company secretary and also provide or procure certain financial services. No other remuneration is paid by the Issuer to or in respect of any director or officer of the Issuer for acting as such.

The Issuer, since its incorporation, has not commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the issuance of the Notes and the authorisation of the other Transaction Documents referred to in these Listing Particulars to which it is a party and other matters which are incidental or ancillary to the foregoing. The Issuer has made a notification under the Data Protection Act 1998.

The auditors of the Issuer are PricewaterhouseCoopers LLP, having its registered office at 7 More London Riverside, London SE1 2RT, United Kingdom.

The Issuer has not prepared financial statements up to the date of these Listing Particulars. The financial year end of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2018.

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

Part 7: Directors, management and administration of the Issuer

Directors

The Issuer is managed by its Board of Directors, which is appointed by agreement of the shareholders, and is composed of at least two directors. The directors of the Issuer were appointed on 21 August 2017. There are no statutory provisions regarding the nationality or domicile of Board members.

As at the date of these Listing Particulars, the following persons have been appointed to and currently comprise the Board of Directors of the Issuer:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Paul Michael Conroy	35 Great St. Helen's, London, EC3A 6AP	Director

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

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director, Company Secretary
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director

The company secretary of the Issuer is Intertrust Corporate Services Limited whose principal office is at 35 Great St. Helen's, London EC3A 6AP. The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of these Listing Particulars.

The Issuer has no subsidiaries and no employees.

General

Other than with respect to the admission to listing, no action has been or will be taken in any country or jurisdiction by the Issuer or its agents that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands these Listing Particulars comes are required by the Issuer or its agents to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have

in their possession or distribute such offering material, in all cases at their own expense. The Issuer and its agents will only offer, sell and deliver the Notes to investors who are permitted by the laws of the jurisdiction in which they are situated to receive offers, sales and deliveries of the Notes.

Material interests

There are no material interests or potential conflicts of interest between (i) any parties to the listing application, including advisors and service providers, and (ii) any duties of the directors or principals of the Issuer and their private interests and/or other duties.

There are no agreements in place between the directors of the Issuer and any parties to which the directors are related.

Part 8: Description of Other Transaction Parties

Holdings

Introduction

Holdings was incorporated in England and Wales on 18 August 2017 (registered number 10923081) 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 issued share capital of Holdings comprises one ordinary share of £1.00. Intertrust Corporate Services Limited (the **Share Trustee**) holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

Neither the Originator Trustee nor any company connected with the Originator Trustee can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

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

Directors

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

Name	Business Address	Business Occupation
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Paul Michael Conroy	35 Great St. Helen's, London EC3A 6AP	Director

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

Name	Business Address	Principal Activities
Helena Whitaker	35 Great St. Helen's. London EC3A 6AP	Director, Company Secretary
Claudia Wallace	35 Great St. Helen's. London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's. London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's. London EC3A 6AP	Director

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

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2018.

Holdings has no employees.

The Originator

EFG Private Bank Limited (the **Bank**) provides banking services, secured credit facilities, investment advisory services, financial planning and trust and corporate solutions to private banking clients. The Bank's private bankers are integral to the delivery of services to clients. Banking services include the provision of current accounts, credit cards, and deposit accounts. The provision of secured credit is a central element of the Bank's client offering. The Bank provides finance solutions for periods of up to five years generally and lends predominantly against residential real estate in the greater London area.

The Bank was established in 1989 and became a wholly-owned subsidiary of EFG International AG in 2005. The Bank is authorised by the PRA and regulated by the PRA and the FCA.

In connection with the transaction described herein, the Bank will act in separate capacities as Originator, servicer, Originator Trustee and an Account Bank.

The Note Trustee and Security Trustee

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

U.S. Bank Trustees limited, as part of the U.S. Bancorp group and in combination with Elavon Financial Services D.A.C. (the legal entity through which European agency and banking appointments are conducted) and U.S. Bank National Association, (the legal entity through which the Corporate Trust Division conducts business in the United States), is one of the world's largest providers of trustee services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp, with \$438 billion in assets as of 30 June 2016, is the parent company of U.S. Bank National Association, the 5th largest commercial bank in the United States of America. The company operates 3,122 banking offices in 25 states and 4,923 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

The Cash Manager, Note Registrar, Agent Bank and Transaction Account Bank

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services D.A.C. (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U. S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services D.A.C. from its offices in London at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom.

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

U.S. Bank Global Corporate Trust Services in combination with U. S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than \$4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp, with \$438 billion in assets as of 30 June 2016, is the parent company of U.S. Bank National Association, the 5th largest commercial bank in the United States of America. The company operates 3,122 banking offices in 25 states and 4,923 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at usbank.com.

The Corporate Services Provider

Intertrust Management Limited (registered number 03853947), having its principal address at 35 Great St. Helen's, London EC3A 6AP has been appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement.

Intertrust Management Limited has served and is currently serving as corporate service provider for numerous securitisation transactions and programmes involving pools of mortgage loans.

The Corporate Services Provider will be entitled to terminate its appointment under the Corporate Services Agreement on 20 Business Days' written notice to the Issuer, the Security Trustee and each other party to the Corporate Services Agreement, provided that a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Issuer or, following delivery of a Note Acceleration Notice, the Security Trustee may terminate the appointment of the Corporate Services Provider on 20 Business Days' written notice so long as a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Issuer or, following delivery of a Note Acceleration Notice, the Security Trustee, if the Corporate Services Provider breaches its obligations under the terms of the Corporate Services Agreement and/or certain insolvency related events occur in relation to the Corporate Services Provider.

Part 9: Summary of the Key Transaction Documents

The following section describes, in summary, the key transaction documents. As it is a summary, the description does not purport to be complete and is subject to the more detailed terms of the relevant agreement.

Originator Trust Deed

On the Closing Date, the Issuer entered into the Originator Trust Deed with the Originator, the Originator Trustee, the Security Trustee and the Cash Manager (the **Originator Trust Deed**).

Initial Portfolio

Under the Originator Trust Deed, on the First Trust Date the Issuer paid the Initial Trust Consideration to the Originator and in exchange the Originator declared a trust (an **Originator Trust**) in favour of the Issuer over a portfolio of English residential mortgage loans and their Related Security (together, the **Loans**).

The Loans and their Related Security and all monies derived therefrom from time to time over which the trust was declared in favour of the Issuer on the First Trust Date are referred to herein as the **Initial Portfolio**.

The declaration of trust over the Initial Portfolio on the First Trust Date is subject to the condition that no Power of Attorney Event or Early Amortisation Event has occurred which is continuing as at the First Trust Date.

The consideration due to the Originator in respect of the acquisition of the beneficial interest in the Initial Portfolio will consist of:

- (a) an amount equal to the Current Balance of the Loans in the Initial Portfolio as at the close of business on the Business Day immediately preceding the First Trust Date (the **Initial Trust Consideration**); and
- (b) a covenant by the Issuer to pay any Deferred Consideration.

Additional Loans

Under the Originator Trust Deed, during the Revolving Period the Originator will from time to time offer to the Issuer the opportunity to acquire additional mortgage loans and their Related Security (**Additional Loans** and each an **Additional Loan**). Such acquisitions may be offered on a quarterly basis during the Revolving Period. If the Issuer acquires the beneficial interest in such Loans, the Issuer will use *first*, amounts standing to the credit of the Retained Principal Ledger, *second*, principal proceeds received from the Loans since the previous Interest Payment Date standing to the credit of the Principal Ledger and *third*, amounts standing to the credit of the Tranche Loans Ledger (in each case, on a first in, first out basis), to acquire such beneficial interest. Each date on which the Issuer acquires the beneficial interest in Additional Loans shall be referred to as an **Additional Trust Date**. To the extent the Issuer does not have enough Principal Receipts to pay for such beneficial interest in the Additional Loans offered, then it shall draw additional amounts from the Class Z VFN Holder under the Class Z VFN to pay the acquisition price. If the Class Z VFN Holder does not provide the requisite funds, then the Issuer

shall not acquire the relevant beneficial interest in such Additional Loans offered by the Originator at that time.

The Loans and Related Security and all monies derived therefrom from time to time over which the trust will be declared in favour of the Issuer on an Additional Trust Date are referred to herein as an **Additional Portfolio**.

The consideration due to the Originator in respect of the acquisition of the beneficial interest in the Additional Portfolio will consist of:

- (a) an amount equal to the Current Balance of the Loans in the relevant Additional Portfolio as at the close of business on the Business Day immediately preceding the Additional Trust Date (the **Additional Trust Consideration**); and
- (b) a covenant by the Issuer to pay any Deferred Consideration.

Deferred Consideration

In relation to the acquisition of the Initial Portfolio and any Additional Portfolios, the Deferred Consideration will be paid in accordance with the Pre-Enforcement Revenue Priority of Payments set out in "*Part 11: Cashflows — Application of Available Revenue Receipts prior to the occurrence of a Note Event of Default*" below.

Deferred Consideration means the consideration due and payable to the Originator pursuant to the Originator Trust Deed in respect of the acquisition of the beneficial interest in the Portfolio, which shall be an amount equal to the amount remaining after (as applicable):

- (a) payments of amounts under items (a) to (l) inclusive of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date; or
- (b) payments of amounts under items (a) to (f) inclusive of the Post-Enforcement Priority of Payments.

Title to the Mortgages, Registration and Notifications

Legal title to the Loans and Related Security is held by the Originator Trustee on trust for the Issuer. Notice of the declaration of trust over the Loans and their Related Security in favour of the Issuer will not be given to any underlying Borrower until the occurrence of a Notification Event.

Notification of such interest will occur on or before the 20th Business Day after the earliest to occur of the following:

- (a) where such notification is required (i) by law or an order of a court of competent jurisdiction or (ii) by a regulatory authority which has jurisdiction over the Originator; or
- (b) the security under the Issuer Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Class A Noteholders) so long as any Class A Notes are outstanding or the other Secured Creditors if no Class A Notes are then outstanding to take the action specified by such Class A Noteholder or other Secured Creditors (as applicable) to reduce that jeopardy; or

- (c) the Originator Trustee calling for notification by serving notice in writing to that effect on the Issuer and the Security Trustee; or
- (d) the occurrence of Insolvency Event with respect to the Originator,

(each of the events set out in paragraphs (a) to (d) inclusive being a **Notification Event**).

The title deeds and customer files relating to the Portfolio are currently held by or to the order of the Originator. The Originator will undertake that all the title deeds and customer files relating to the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer or as the Issuer directs.

Neither the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Originator contained in the Originator Trust Deed.

Representations and Warranties

The Originator will represent and warrant to the Issuer and the Security Trustee in the Originator Trust Deed on the terms of the Loan Warranties, in each case subject to certain additional amendments and conditions as set out in the Originator Trust Deed:

- (a) in respect of each Loan and its Related Security in the Initial Portfolio, as at the First Trust Date;
- (b) in respect of each Additional Loan and its Related Security in any Additional Portfolio, as at the Additional Trust Date;
- (c) in relation to each Further Tranche (and any new Related Security, if applicable) over which it has declared a trust, on the relevant Further Tranche Trust Date;
- (d) in relation to any Further Advance (and any new Related Security, if applicable), on the relevant Further Advance Trust Date; and
- (e) in relation to each Loan which is subject to a Product Switch, on the relevant Product Switch Date.

If any Loan Warranty is breached in respect of a Loan in the Initial Portfolio, as at the First Trust Date, or in the case of an Additional Portfolio, as at the Additional Trust Date, or in the case of a Further Tranche, as at the Further Tranche Trust Date, or in the case of a Further Advance, as at the Further Advance Trust Date, or in the case of a Loan subject to a Product Switch, as at the Product Switch Date, such Loan will be re-acquired by the Originator (or, as applicable, an EFG Delegate) in accordance with the provisions of the Originator Trust Deed. (See *“Part 9: Summary of the Key Transaction Documents – Re-acquisition by the Originator”* below for more details).

The Originator will give for the benefit of the Issuer and the Security Trustee the following representations and warranties with respect to the Loans in the Portfolio (the **Loan Warranties**):

Loans

- (a) The particulars of the Loans set out in the Portfolio Notice are true, complete and accurate in all material respects.
- (b) Each Loan was originated by the Originator in the ordinary course of business and was denominated in pounds Sterling upon origination.
- (c) Prior to the making of each Initial Advance and each Further Advance, the Lending Criteria and all preconditions to the making of any Initial Advance or, as applicable, any Further Advance were satisfied in all material respects subject only to such exceptions and waivers as made on a case by case basis as would be acceptable to a Reasonable Prudent Mortgage Lender.
- (d) In relation to any Loan subject to a Further Advance or a Product Switch, the loan identifier is the same pre- and post- the completion of the Further Advance or Product Switch.
- (e) The Lending Criteria are consistent with the criteria that would be used by a Reasonable Prudent Mortgage Lender.
- (f) Each Loan was made and its Related Security was taken or received substantially on the terms of the Standard Documentation without any material variation thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of any of the same in any material respect.
- (g) Each Loan requires the payment of interest on a periodic basis.
- (h) Either (A) at least one payment under each Loan has been paid by the relevant Borrower or (B) if a Borrower has not made at least one such payment under the relevant Loan, such Borrower has made at least one payment under a prior loan made by the Originator.
- (i) Each Loan and its Related Security constitute valid and binding obligations of the Borrower enforceable and non-cancellable 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 court's discretion in relation to equitable remedies.
- (j) Each Loan has been entered into by the Originator and the relevant Borrower in accordance with all applicable laws to the extent that failure to comply with those laws would have a material adverse effect on the enforceability or collectability of that Loan or its Related Security.
- (k) The rate of interest under each Loan is charged in accordance with the Standard Documentation, subject to the terms of any offer letter in relation thereto.
- (l) Where an agreement for any Loan is in whole or in part a regulated agreement or consumer credit agreement (as defined in section 8 of the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time) (the **CCA**)), the procedures and requirements set out in the CCA have been complied with in all material respects.

- (m) Each Loan had an original term of between one year and five years.
- (n) No Loan has a maturity date falling later than December 2027.
- (o) The Loans and their Related Security do not contain any restriction on transfer which would be breached by, and no formal approvals, consents or authorisations (other than such as have been obtained or effected) are required in connection with, the creation of the Originator Trust and the execution of the Originator Power of Attorney as contemplated by the Originator Trust Deed.
- (p) The Originator has not knowingly waived or acquiesced to any breach of any of its rights in respect of a Loan and its Related Security other than waivers or acquiescence as made on case by case basis as would be acceptable to a Reasonable Prudent Mortgage Lender.
- (q) No Loan is in Arrears.
- (r) So far as the Originator is aware, no Borrower is in material breach of any obligation owed in respect of the relevant Loan.
- (s) No Loan is a Self-certified Loan, Offset Loan, Right to Buy Loan, Shared Ownership Loan or Shared Equity Loan.
- (t) To the best of the Originator's knowledge, no Borrower was subject to a petition in bankruptcy, receiving order in bankruptcy, deed of arrangement, any receivership, administration, liquidation or similar insolvency procedures as of the date on which such Borrower executed the relevant Mortgage.
- (u) No Borrower, mortgagor, or, if applicable, guarantor in relation to a Loan is an employee or director of the Originator.
- (v) Each Loan granted to a corporate Borrower (which shall include special purpose vehicles) is guaranteed by an individual or individuals or corporate or trust entities associated with such persons.
- (w) No Borrower is required to withhold or deduct amounts for or on account of tax or taxes on payments in respect of the Loans.
- (x) Where a Loan has been taken out for the purposes of construction or renovation, such construction or renovation has been completed and a valuation or a confirmation of completion to the standard of work indicated by the value in their assumptions to any report provided has been obtained.
- (y) Where more than one loan is secured by a Mortgage or Mortgages over a residential Property to be included in an Originator Trust, all such loans are subject to the Originator Trusts.
- (z) No Loan is denominated in a currency other than pounds Sterling or contains an option by which the Borrower is entitled to convert the Loan into a currency other than pounds Sterling.

Mortgages

- (a) Subject in certain appropriate cases to the completion of an application for registration at the Land Registry which has already been made to the Land Registry (i) the whole of the Current Balance on each Loan and all interest amounts, costs and expenses payable in respect of that Loan are secured by a Mortgage or Mortgages over a residential Property and (ii) each Mortgage constitutes a valid and subsisting first charge by way of legal mortgage or charge. In cases where applications for registrations at the Land Registry have been made and are outstanding, the Originator Trustee is not aware of any notice or any other matter that would prevent such registration being completed.
- (b) The Borrower has good and marketable title to the relevant Property (subject to registration of the title at the Land Registry) free from any encumbrance (except the Mortgage and any subsequent ranking mortgage or standard security) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property any requisite consent of the landlord to or notice to the landlord of, the creation of the Related Security has been obtained or given.

The Properties

- (a) All of the Properties are in England.
- (b) Each Property is either freehold or leasehold.
- (c) Save for children of Borrowers and children of someone living with the Borrower (including in each case, children under the age of 25 who are in full-time education), every person who, at the date upon which a Mortgage over Property situated in England was granted, had attained the age of 18 and who had been notified to the Originator as being in or about to be in actual occupation of the relevant Property, is either named as a Borrower or has signed an Occupier's Charge in the form of the pro forma contained in the Standard Documentation which was applicable at the time the Mortgage was executed.
- (d) As far as the Originator is aware, no Property has been let by the Borrower otherwise than by way of:
 - (i) an assured shorthold tenancy which meets the requirements of section 19A or section 20 of the Housing Act 1988;
 - (ii) an assured tenancy; or
 - (iii) any other tenancy which does not give the tenant security of tenure beyond the contractual expiry of the tenancy,in each case which meets the Originator's Policy in connection with lettings to non-owners.
- (e) Each Loan is secured primarily over a Property which is a residential property.

Valuers' and Solicitors' Reports

- (a) Prior to the granting of each Mortgage, the Originator received a Valuation Report from a Valuer on the relevant Property (or such other form of valuation as would be acceptable to a Reasonable Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Reasonable Prudent Mortgage Lender.
- (b) Prior to the taking of each Mortgage (other than a remortgage), the Originator:
 - (i) 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, which instructions are (x) consistent with the Originator's standard practice and (y) would be acceptable to a Reasonable Prudent Mortgage Lender; and
 - (ii) received a Certificate of Title from the solicitor or licensed conveyancer referred to in paragraph (i) relating to such Property and the results thereof were such as would be acceptable to a Reasonable Prudent Mortgage Lender.

Buildings Insurance

As far as the Originator is aware, at origination, each Property was adequately insured under:

- (a) a buildings insurance policy arranged by the Borrower in accordance with the relevant Mortgage Conditions; or
- (b) in the case of a leasehold property, a buildings insurance policy arranged by the relevant landlord or property management company or association.

The Originator's Title

- (a) Immediately prior to the acquisition of any Loan and the Related Security by the Issuer, and subject to registration or recording at the Land Registry, the Originator has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits in relation to the Loans and Related Security agreed to be sold and/or assigned and/or held on trust by the Originator to or for the Issuer pursuant to the Originator Trust Deed, free and clear of all Security Interests, adverse claims, assignments and equities (including, without limitation, rights of set-off or counterclaim), subject to the Originator Trust Deed and the Borrower's equity of redemption and the Originator is not in breach of any covenant or warranty implied by reason of its declaring a trust over the Portfolio with full title guarantee.
- (b) As far as the Originator is aware, all steps necessary to perfect the Originator's title to the Loans and the Related Security were duly taken at the appropriate time or are in the process of being taken, in each case (where relevant) within any applicable priority periods or time limits for registration with all due diligence and without undue delay.
- (c) The Loan Files relating to each of the Loans and their Related Security are held by, or are under the control of the Originator.

- (d) Neither the entry by the Originator into the Originator Trust Deed nor any transfer, assignment, assignation or creation of trust contemplated by the Originator Trust Deed affects or will adversely affect any of the Loans and their Related Security.

Interest Rates payable under the Loans

Each Loan in the Portfolio is either a Floating Rate Loan or a Fixed Rate Loan.

Regulation

- (a) In respect of any Mortgages entered into on or after 31 October 2004, the Originator was authorised by and had permission from the Appropriate Regulator for entering into Regulated Mortgage Contracts as lender at the time that it entered into each such Mortgage and continues to be so authorised and hold such permission.
- (b) The Originator is authorised by and had permission from the Appropriate Regulator for conducting any other regulated activities (as set out in the FSMA (Regulated Activities) Order 2001, as amended (the Order)) in respect of a Regulated Mortgage Contract (as defined in Article 61(3)(a) of the Order in respect of the Mortgages).
- (c) The Originator has complied in all material respects with all applicable regulatory requirements in respect of the Mortgages, in particular, without limitation, the provisions of MCOB.
- (d) Each officer or employee of the Originator in any capacity which involves a controlled function (as defined in the Appropriate Regulator's Rules) or involves the supervision of any person or persons so engaged is and was at all relevant times a validly registered approved person in accordance with the Appropriate Regulator's Rules.
- (e) The Originator has created and maintained all records in respect of the Mortgages in accordance with the Appropriate Regulator's Rules and any other regulatory requirement.
- (f) The Originator has not altered the terms of any letter of offer accepted by a Borrower relating to a Loan or otherwise changed any of the terms and conditions relating to any Loan other than in accordance with the terms and conditions of the letter of offer relating to a Loan as accepted by the applicable Borrower or other than as requested by a Borrower.

General

- (a) The Originator has, since the making of each Loan, kept or procured the keeping of adequate and proper accounts, books and records as are necessary to show all material transactions, payments, receipts, proceedings and notices relating to such Loan; such accounts, books and records are up-to-date in all material respects and in the possession of the Originator or held to its order.
- (b) Neither the Originator nor as far as the Originator is aware any of its agents has received written notice of any litigation or claim calling into question in any material way the title of the Originator to the Loans or Related Security or which (if adversely determined) might reasonably be expected to have a material adverse effect on the value of the Portfolio.

- (c) There are no governmental authorisations, approvals, licences or consents required as appropriate for the Originator to enter into or to perform its obligations under the Originator Trust Deed or to render the Originator Trust Deed legal, valid, binding, enforceable and admissible in evidence in a court in England which have not been obtained.
- (d) So far as the Originator is aware having made all reasonable enquiries, Borrowers are not or funds provided by Borrowers do not comprise and are not generated:
 - (i) from any country, person, group, undertaking or entity that appears on an of the Office of Foreign Assets Control (**OFAC**) list of Specially Designated Nationals and Blocked Persons; the Consolidated List of Financial Sanction Targets in the United Kingdom issued by Her Majesty’s Treasury (**HMT**) and The Consolidated List established and maintained by the 1267 Security Council Committee of the United Nations with respect to Al-Qaida, Usama bin Laden and other individuals, groups, undertakings and entities associate with them; and/or
 - (ii) from any person, group, undertaking or entity that is subject to sanctions or restrictive measures by the European Union (**EU**); and/or
 - (iii) in contravention of any other sanctions regime imposed by the OFAC, HMT or the EU.
- (e) Neither the Loans nor the Related Security constitute or include any “stock” or “marketable securities” within the meaning of section 125 of the Finance Act 2003, “chargeable securities” for the purpose of section 99 of the Finance Act 1986 or a “chargeable interest” for the purpose of section 48 of the Finance Act 2003.

Appropriate Regulator means:

- (a) in respect of the period before 1 April 2013, the FSA; and
- (b) in respect of the period on or after 1 April 2013:
 - (i) the FCA; or
 - (ii) the PRA and the FCA;

as applicable.

Appropriate Regulator’s Rules means the rules made by the Appropriate Regulator under the FSMA.

Arrears has the meaning given to it in the definition of “Arrears on a Loan”.

Arrears on a Loan means the amounts which were due on a previous interest payment date but which remain unpaid for in excess of one calendar month. In making an arrears determination, on a given determination date the Originator notionally applies all payments actually received from the relevant Borrower towards clearance of interest and non-interest payments due on a ‘first in, first out’ basis. If this calculation determines that interest has not been paid (in full or in

part) for in excess of one month then the Loan is considered to be in **Arrears**. The number of months in Arrears is calculated by looking at the number of whole months between the determination date and the date upon which the amounts were due to be paid, but which have not been paid in full, by the relevant Borrower.

Defaulted Loan means any Loan in relation to which amounts due and payable remain unpaid for more than 90 days.

Fixed Rate Loan means a Loan or any sub-account(s) of such Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the outstanding balance does not vary and is fixed for a certain period of time by the Originator.

Floating Rate Loan means a Loan or any sub-account(s) of such Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the outstanding balance may vary throughout the life of a loan as a result of movements in an external rate.

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower (at the discretion of the Originator) following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance (under the same loan identifier), 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.

Indexed LTV means the ratio of the Current Balance of the relevant Loan divided by the Indexed Valuation of the relevant Property.

Indexed Valuation means the indexed valuation of a Property calculated by applying the most appropriate Land Registry house price index for such Property (either by reference to the London borough or, if outside of London, the County in which the Property is located) from the date of the latest recorded Valuation of the Property to the date of the most recent indexation (undertaken no less frequently than annually).

Loan Agreement means, in relation to a Loan, the loan agreement entered into between the relevant Borrower and the Originator, as amended and/or restated from time to time.

Loan Files means the file or files relating to each 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 Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to that extent available, the solicitor's or licensed conveyancer's certificate of title.

LTV, LTV ratio or loan-to-value ratio means the ratio (expressed as a percentage) of the Current Balance of a Loan to the value of the Property securing that Loan.

Mortgage Conditions means all the terms and conditions applicable to a Loan, including without limitation those set out in the Originator's relevant mortgage conditions booklet and the Originator's relevant general conditions, each as varied from time to time by the relevant Loan Agreement and the relevant Mortgage Deed.

Mortgage Deed means, in respect of any Mortgage, the deed in written form creating that Mortgage.

Offset Loan means a Loan which permits the Borrower to offset the amount of monies standing to the credit of specified savings account(s) against the Current Balance of their Loan for the purposes of reducing the interest bearing balance of their Loan.

Product Switch Date means, in relation to a Product Switch, the date the relevant Product Switch is made.

Reasonable Prudent Mortgage Lender means a reasonably prudent residential mortgage lender operating in the private banking sector and lending to borrowers in England, where such borrowers are of the same or similar type as the Borrowers whose Loans are included in the Portfolio.

Right to Buy Loan means a Loan in respect of a Property made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under the Housing Act 1985 and the Housing Act 1996 (each as amended and updated from time to time).

Self-certified Loan means a Loan where the application was taken on the understanding that evidence of the declared income was unavailable and would not be required in order to underwrite the case.

Shared Equity Loan means a loan in respect of a property where the borrower purchases 100 per cent. of the relevant property but only pays a percentage of the market value with the balance of the purchase monies being provided by an equity sharing lender.

Shared Ownership Loan means a loan in respect of a property where the borrower acquires a percentage of the relevant property and pays rent to a landlord in respect of the remaining interest in the property.

Standard Documentation means the standard mortgage documentation of the Originator, a list of which is set out in the Originator Trust Deed, or any update or replacement therefor as the Originator may from time to time introduce acting in accordance with the standards of a Reasonable Prudent Mortgage Lender or as may be required to comply with any applicable law or regulation.

Title Deeds means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage.

Unindexed LTV means the ratio of the Current Balance of the relevant Loan divided by the latest recorded valuation of the relevant Property.

Valuation Report means the valuation report or reports for mortgage purposes, in the form of one of the pro forma contained in the Standard Documentation, obtained by the Originator from a valuer in respect of each Property or a valuation report in respect of a valuation made using a

methodology which would be acceptable to a Reasonable Prudent Mortgage Lender and which has been approved by the relevant officers of the Originator.

Further Advances, Product Switches and Further Tranches

As used in these Listing Particulars, **Initial Advance** means all amounts advanced by the Originator to a Borrower under a Loan other than a Further Advance. Subject to the satisfaction of certain conditions described generally below, the Issuer will acquire the beneficial interest in Further Advances.

Further Advances: The Originator shall not make a Further Advance to a Borrower unless (i) it is satisfied that the Issuer will have sufficient moneys to acquire a beneficial interest in that Further Advance at the Further Advance Trust Consideration or (ii) it re-acquires the beneficial interest in the relevant Loan from the Issuer (at its then Current Re-acquisition Value calculated on the Business Day prior to the re-acquisition) and removes such Loan from the Originator Trust. The Issuer shall acquire the beneficial interest in Further Advances from the Originator on the date that the relevant Further Advance is advanced to the relevant Borrowers by the Originator (the **Further Advance Trust Date**). From the Further Advance Trust Date, the Originator Trustee will agree to hold all its right, title, benefit and interest on and from the relevant Further Advance Trust Date in the relevant Further Advance on trust absolutely for the Issuer and with and subject to all the trusts, powers and provisions of the Originator Trust Deed.

The Issuer will pay the Originator an amount equal to the principal amount of the relevant Further Advance (the **Further Advance Trust Consideration**) on the Quarterly Pool Date immediately following the Collection Period in which the relevant Further Advance Trust Date occurred by *first*, using amounts standing to the credit of the Retained Principal Ledger and, if the amounts standing to the credit of the Retained Principal Ledger are insufficient, then *second*, using amounts standing to the credit of the Principal Ledger and, if amounts standing to the credit of the Retained Principal Ledger and/or the Principal Ledger are insufficient, then *third*, using amounts standing to the credit of the Tranched Loans Ledger. Where the Issuer (or the Cash Manager on its behalf) determines that the aggregate of the amounts standing to the credit of the Retained Principal Ledger, the Principal Ledger and the Tranched Loans Ledger would not be sufficient to fund such Further Advance Trust Consideration, the Issuer will, prior to the Class Z VFN Commitment Termination Date, make a drawing under the Class Z VFN in an amount equal to the difference between (i) amounts standing to the credit of the Principal Ledger, the Retained Principal Ledger and the Tranched Loans Ledger (in aggregate) and (ii) the Further Advance Trust Consideration and use such proceeds of the Class Z VFN to fund the purchase of Further Advances under the Loans. If the Issuer is unable to fund the purchase of any Further Advance from funds standing to the credit of the Retained Principal Ledger (and, if insufficient, amounts standing to the credit of the Principal Ledger and the Tranched Loans Ledger) and the Class Z VFN Holder fails to advance an amount equal to such shortfall in the Further Advance Trust Consideration to be paid on the Quarterly Pool Date, the Originator must re-acquire (or procure that an EFG Delegate acquires) the beneficial interest in the related Loan and its Related Security and such Loan will be removed from the relevant Originator Trust in accordance with the terms of the Originator Trust Deed. (See *“Part 9: Summary of the Key Transaction Documents – Re-acquisition by the Originator”* for more details).

If the Originator re-acquires the beneficial interest in a Loan and removes it from the Originator Trust in order to make a Further Advance to a Borrower, after having made such Further

Advance to the relevant Borrower, it may, at its sole option during the Revolving Period, offer the beneficial interest in such Loan back to the Issuer as an Additional Loan if it is satisfied that the Issuer will have sufficient monies for such acquisition.

If it is determined by the Originator, in its servicing capacity (on behalf of the Issuer) or the Originator Trustee or the Cash Manager (on behalf of the Issuer solely for the purpose of verifying the determinations made by the Originator in relation to the Portfolio Criteria) on the Quarterly Test Date immediately following the Collection Period in which the relevant Further Advance was made that any of the Portfolio Criteria or the Loan Warranties have not been met as at the Further Advance Trust Date (or such breach was subsequently discovered in respect of such date), then the Originator will have an obligation to remedy such breach within 60 Business Days after receiving written notice of such breach from the Originator, in its servicing capacity (on behalf of the Issuer), the Cash Manager (on behalf of the Issuer solely for the purpose of verifying the determinations made by the Originator in relation to the Portfolio Criteria) or the Originator Trustee. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 60 Business Day period, the Originator (or an EFG Delegate) has an obligation to re-acquire such Loan and its Related Security and such Loan and its Related Security will be removed from the Originator Trust in accordance with the provisions of the Originator Trust Deed. (See *“Part 9: Summary of the Key Transaction Documents – Re-acquisition by the Originator”* for more details).

The Originator shall not make an offer to a Borrower for a Further Advance if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

Product Switches: The Originator may offer a Borrower (and the Borrower may accept), or a Borrower may request, a Product Switch. Any Loan which has been subject to a Product Switch will remain in the Portfolio provided that it continues to satisfy the Portfolio Criteria and the Loan Warranties as at the Product Switch Date. If it is subsequently determined by the Originator, in its servicing capacity (on behalf of the Issuer), the Cash Manager (on behalf of the Issuer solely for the purpose of verifying the determinations made by the Originator in relation to the Portfolio Criteria) or the Originator Trustee, on the Quarterly Test Date immediately following the Collection Period in which the Product Switch was made that any of the Portfolio Criteria or the Loan Warranties have not been complied with on the relevant Product Switch Date (or such breach was subsequently discovered in respect of such date), then the Originator will have an obligation to remedy such breach within 60 Business Days after receiving written notice of such breach from the Originator, in its servicing capacity (on behalf of the Issuer), the Cash Manager (on behalf of the Issuer) or the Originator Trustee. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 60-Business Days period, the Originator (or an EFG Delegate) will be obliged to re-acquire the beneficial interest in such Loan and its Related Security and such Loan and its Related Security will be removed from the Originator Trust. (See *“Part 9: Summary of the Key Transaction Documents – Re-acquisition by the Originator”* for more details).

The Originator will be solely responsible for offering and documenting any Product Switch. The Originator shall not make an offer to a Borrower for a Product Switch if it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a regulated

mortgage contract or agreeing to carry on any of these activities or if the Issuer would be required to be authorised under the FSMA to do so.

Product Switch means any variation in the financial terms and conditions applicable to a Loan and is deemed to include any switch of a Floating Rate Loan to a Fixed Rate Loan but does not include any variation:

- (i) agreed with a Borrower to control or manage arrears on the Loan;
- (ii) in the maturity date of the Loan (unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes in which case such variation will constitute a Product Switch);
- (iii) imposed by statute;
- (iv) in the rate of interest payable (a) as a result of any variation in applicable floating rates or (b) where the terms of the Mortgage change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Mortgage otherwise change the interest rate payable; or
- (v) in the frequency with which the interest payable in respect of the Loan is charged.

Tranched Loans: The Portfolio may include Loans which are not fully drawn by the Borrower (each such loan, a **Tranched Loan** and the commitment of the Originator to advance further tranches under such Tranched Loan, the **Tranched Loan Commitment**). The beneficial interest in a Tranched Loan may be acquired by the Issuer provided the terms of such Loan state that the Tranched Loan Commitment will lapse no later than 12 months after the Additional Trust Date on which the beneficial interest in such Tranched Loan was acquired by the Issuer (or, in relation to Tranched Loans included in the Initial Portfolio, the First Trust Date). As a condition to the Issuer agreeing to acquire the beneficial interest in the Tranched Loan, either (1) the Class Z VFN holder shall be required to provide funding under the Class Z VFN on the relevant Additional Trust Date in an amount equal to the difference between the drawn amount and the committed amount under the Tranched Loan or (2) there are sufficient funds standing to the credit of *first*, the Tranched Loans Ledger and/or *second*, the Retained Principal Ledger, which, if utilised to pay such amount will not cause a deficiency to be recorded to the Tranched Loans Ledger or the Retained Principal Ledger.

On any date on which Further Tranches are advanced under a Tranched Loan (such date, the **Further Tranche Trust Date**), the Issuer will use amounts standing to the credit of the Tranched Loans Ledger to (1) acquire the beneficial interest in the further tranche advanced under the Tranched Loan (each such further tranche, a **Further Tranche**) or (2) if the acquisition of the relevant Further Tranche has been funded by amounts standing to the credit of the Retained Principal Ledger, to credit the Retained Principal Ledger. From the Further Tranche Trust Date, the Originator Trustee will agree to hold all its right, title, benefit and interest on and from the relevant Further Tranche Trust Date in the relevant Further Tranche on trust absolutely for the Issuer and with and subject to all the trusts, powers and provisions of the Originator Trust Deed

If it is subsequently determined by the Originator, in its servicing capacity (on behalf of the Issuer), the Cash Manager (verifying the determinations made by the Originator in relation to the

Portfolio Criteria only on behalf of the Issuer) or the Originator Trustee on the Quarterly Test Date immediately following the Collection Period in which the relevant Further Tranche was advanced, that any of the relevant Portfolio Criteria or the Loan Warranties have not been met on the relevant Further Tranche Trust Date (or such breach was subsequently discovered in respect of such date), then the Originator will have an obligation to remedy such breach within 60 Business Days after receiving written notice of such breach from the Originator, in its servicing capacity (on behalf of the Issuer), the Cash Manager (on behalf of the Issuer) or the Originator Trustee. If such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 60 Business Day period, the Originator (or an EFG Delegate) will be obliged to re-acquire the beneficial interest in purchase such Loan and its Related Security and such Loan and its Related Security will be removed from the Originator Trust. (See “Part 9: Summary of the Key Transaction Documents –Re-acquisition by the Originator” for more details).

In the event that a Tranched Loan Commitment lapses, the Issuer (or the Cash Manager, on its behalf) shall repay any unutilised portion of the relevant Funded Amount deposited in the Transaction Account directly to the Class Z VFN Holder (by way of redemption of the Class Z VFN in accordance with Condition 7.7 (*Redemption of the Class Z VFN following the lapse of a Tranched Loan Commitment*) and outside the Priority of Payments) and upon such repayment, a corresponding debit for the amount repaid shall be made to the Tranched Loans Prefunding Ledger.

Re-acquisition by the Originator

Obligations to Re-acquire: The Originator (or an EFG Delegate) shall re-acquire the relevant Loans and their Related Security in the following circumstances:

- (a) *Breach of Loan Warranties or Portfolio Criteria on the First Trust Date.* If it is determined that a Loan in relation to which the Issuer acquired the beneficial interest on the First Trust Date had materially breached any of the Loan Warranties or Portfolio Criteria as at the First Trust Date, and where such breach is either not capable of remedy or has not been remedied by the Originator within 60 Business Days of receiving notice of such breach from the Issuer, then the Issuer shall serve a notice on the Originator (the **Issuer Loan Re-acquisition Notice**) requiring the Originator to re-acquire (or procure that an EFG Delegate re-acquires) the beneficial interest in the relevant Loan over which it has declared a trust in favour of the Issuer absolutely and its Related Security on the Quarterly Pool Date following the receipt by the Originator Trustee of such Issuer Loan Re-acquisition Notice. The re-acquisition price for such Loan shall be equal to its Current Re-acquisition Value calculated on the Business Day prior to the re-acquisition;
- (b) *Insufficient Funds to fund Further Advance.* If the Issuer is unable to fund the acquisition of any Further Advance from funds standing to the credit of the Retained Principal Ledger and, if necessary, the Principal Ledger or the Tranched Loans Ledger and the Class Z VFN Holder fails to advance an amount equal to such shortfall, then the Issuer shall serve an Issuer Loan Re-acquisition Notice on the Originator requiring the Originator to re-acquire (or procure that an EFG Delegate re-acquires) the beneficial interest in the relevant Loan subject to such Further Advance and over which it has declared a trust in favour of the Issuer absolutely and its Related Security on the Quarterly Pool Date following the period in which such Further Advance was advanced. The re-acquisition price for such Loan shall be equal to its Current Re-acquisition Value calculated on the

Business Day prior to the re-acquisition (excluding the amount of the Further Advance); and

- (c) *Breach of the Loan Warranties or Portfolio Criteria in respect of Additional Loans or Loans subject to a Further Advance, Product Switch and/or Further Tranche.* If it is determined that Additional Loans or a Loan subject to a Further Advance, Product Switch or Further Tranche had materially breached any of the Loan Warranties or Portfolio Criteria on the relevant Additional Trust Date (in relation to Additional Loans), the relevant Further Advance Trust Date (in relation to Further Advances), the relevant Product Switch Date (in relation to Product Switches) or the relevant Further Tranche Trust Date (in relation to Further Tranches) and where such breach is either not capable of remedy or has not been remedied by the Originator within 60 Business Days of receiving notice of such breach from the Issuer, then the Issuer shall serve an Issuer Loan Re-acquisition Notice on the Originator requiring the Originator to re-acquire (or procure that an EFG Delegate re-acquires) the beneficial interest in the relevant Loan over which it has declared a trust in favour of the Issuer absolutely and its Related Security on the Quarterly Pool Date following the receipt by the Originator of such Issuer Loan Re-acquisition Notice. The re-acquisition price for such Loan shall be equal to its Current Re-acquisition Value calculated on the Business Day prior to the re-acquisition (excluding, if applicable, the amount of any Further Advance which has not yet been paid for by the Issuer);
- (d) *The occurrence of a Regulatory Determination.* If a Regulatory Determination is made in relation to a Loan in the Portfolio and the service of a certificate from an authorised signatory of the Originator stating that a determination has been made that any of the events set out in the definition of Regulatory Determination have occurred is made on the Issuer, the Issuer shall serve an Issuer Loan Re-acquisition Notice on the Originator requiring the Originator to re-acquire (or procure that an EFG Delegate re-acquires) the beneficial interest in the relevant Loan over which it has declared a trust in favour of the Issuer absolutely and its Related Security on the Quarterly Pool Date following the receipt by the Originator of such Issuer Loan Re-acquisition Notice. The re-acquisition price for such Loan shall be equal to its Current Re-acquisition Value calculated on the Business Day prior to the re-acquisition; and
- (e) *Upon the receipt by the Originator of a formal objection from a Borrower to any adjustment to the interest margin in relation to the relevant Loan as a result of the Originator's determination that a wider business relationship has not developed with such Borrower.* If the Originator receives a formal objection from a Borrower to any adjustment to the interest margin in relation to the relevant Loan as a result of the Originator's determination that a wider business relationship has not developed with such Borrower, the Originator shall promptly notify the Issuer of such event and the Issuer shall serve an Issuer Loan Re-acquisition Notice on the Originator requiring the Originator to re-acquire (or procure that an EFG Delegate re-acquires) the beneficial interest in the relevant Loan over which it has declared a trust in favour of the Issuer absolutely and its Related Security on the Quarterly Pool Date following the receipt by the Originator of such Issuer Loan Re-acquisition Notice. The re-acquisition price for such Loan shall be equal to its Current Re-acquisition Value calculated on the Business Day prior to the re-acquisition.

Right to re-acquire by the Originator: In accordance with the terms of the Originator Trust Deed, the Originator shall have the right (but not any obligation) to re-acquire (or, at its discretion, designate an EFG Delegate to re-acquire) the entire beneficial interest of the Issuer in the Portfolio (or, in the case of (b) below, the remaining Portfolio):

- (a) upon the occurrence of a Regulatory Change or Accounting Change; or
- (b) on any Interest Payment Date on which (1) the Issuer exercises its option to redeem the Notes in full pursuant to Condition 7.4(a)(1) or (2) or (2) the aggregate Principal Amount Outstanding of the Class A Notes is equal to or less than 10% of the aggregate Principal Amount Outstanding of the Class A Notes on the date on which such Class A Notes were issued.

The Originator (or an EFG Delegate) shall also have the right to offer to re-acquire the Issuer's beneficial interest in the Loans in the Portfolio from time to time and remove such Loans from the relevant Originator Trusts, which offer the Issuer may accept provided that the Optional Re-acquisition Criteria are satisfied.

Accounting Change means a change to the rules relating to deconsolidation of assets and/or entities under generally applicable accounting policies applicable to or applied by the Originator, which in the reasonable opinion of the Originator (acting in good faith) and as certified by the Originator, has the effect that the Portfolio and/or the Issuer is no longer derecognised or deconsolidated under the accounting rules applied by the Originator.

Accounting Change Option means the option of the Originator (or an EFG Delegate) to re-acquire the entire beneficial interest of the Issuer in the Portfolio on any day following the occurrence of an Accounting Change, provided that such option may not be exercised on a date falling less than 10 Business Days prior to an Interest Payment Date.

Optional Re-acquisition Criteria means the following criteria:

- (a) The maximum aggregate Current Balance of all Loans in relation to which the beneficial interest may optionally be re-acquired by the Originator Trustee shall not exceed 5 per cent. of the aggregate Current Balance of all Loans in the Portfolio as at the Closing Date; and
- (b) Any such Loan in relation to which the beneficial interest will be re-acquired will be re-acquired at a price at least equal to its then Current Re-acquisition Value calculated on the Business Day prior to the re-acquisition.

Regulatory Change means a change in law or regulation (or the interpretation of the application of thereof) applicable to the Originator that, in the reasonable opinion of the Originator (acting in good faith) and as certified by the Originator, has the effect of materially and adversely affecting the return on capital of the Originator or materially increasing the cost or materially reducing the benefit to the Originator of the transactions contemplated by the Transaction Documents.

Regulatory Change Option means the option of the Originator to re-acquire (or designate an EFG Delegate to re-acquire) the entire beneficial interest of the Issuer in the Portfolio on any day following the occurrence of a Regulatory Change, provided that such option may not be exercised on a date falling less than 10 Business Days prior to an Interest Payment Date.

Regulatory Determination means any determination made by any court of other competent authority or any ombudsman or regulator that:

- (a) any term which relates to the recovery of interest under the Standard Documentation applicable to a Loan and its Related Security is unfair;
- (b) any discretionary interest rate or margin payable under any Loan (subject to any applicable caps, discounts and fixed rates) may not be set by any successors or assigns or assignees of the Originator or those deriving title from it; or
- (c) there has been any breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the Originator relating to the interest payable by or applicable to a Borrower under any Loan.

Trust Dates means the First Trust Date, the Additional Trust Dates, the Further Tranche Trust Dates and the Further Advance Trust Dates and each, a **Trust Date**.

Portfolio Criteria

On the First Trust Date, the Loans in the Initial Portfolio will be tested by the Originator against the Portfolio Criteria. In addition, in order for any Additional Loan or any Loan which has been the subject of a Further Advance, Product Switch or a Further Tranche to be included in the Portfolio, the **Portfolio Criteria** must be complied with as of each Additional Trust Date, Further Advance Trust Date, Product Switch Date or Further Tranche Trust Date, as applicable. The Portfolio Criteria will be tested by the Originator, in its capacity as servicer, on the Additional Trust Date, Further Advance Trust Date, Product Switch Date or Further Tranche Trust Date, as applicable, and verified by Cash Manager on the Quarterly Test Date immediately following the Collection Period in which such acquisition of an Additional Loan, Further Advance, Product Switch or Further Tranche took place.

The **Portfolio Criteria** are:

- (a) The aggregate Current Balance of Fixed Rate Loans in the Portfolio does not exceed 5% of the aggregate Current Balance of all Loans in the Portfolio;
- (b) The weighted average original LTV ratio (calculated by dividing Total Debt Advanced by the Original Valuation) of the Loans in the Portfolio does not exceed 60%;
- (c) No additional Loan transferred to the Issuer during the Revolving Period has an original LTV ratio (calculated by dividing Total Debt Advanced by Original Valuation) of greater than 70%;
- (d) The aggregate Current Balance of Loans in the Portfolio with an original LTV ratio (calculated by dividing Total Debt Advanced by the Original Valuation) of greater than 60% and less than or equal to 70% does not exceed 10% of the aggregate Current Balance of all Loans in the Portfolio;
- (e) The aggregate Current Balance of Loans in the Portfolio with an original LTV ratio (calculated by dividing Total Debt Advanced by the Original Valuation) of greater than

50% and less than or equal to 60% does not exceed 75% of the aggregate Current Balance of all Loans in the Portfolio;

- (f) The aggregate Current Balance of any Loan or Loans in the Portfolio made to a single Borrower or to a “group of connected clients” as defined in Article 4 of Regulation EU 575/2013 does not exceed £7,750,000;
- (g) The aggregate Current Balance of Loans in the Portfolio made to the top ten Borrowers (based on the Current Balance of such Borrower’s Loan, or where a Borrower has more than one Loan, of such Borrower’s loans, in each case which are included in the Portfolio) is not more than £55,000,000;
- (h) No Loan has an Indexed LTV of greater than 70%;
- (i) No Loan has an Unindexed LTV greater than 70%;
- (j) For Loans which are Tranched Loans:
 - (i) each Tranched Loan must state that the Tranched Loan Commitment will lapse no later than 12 months after the relevant Additional Trust Date or First Trust Date, as applicable;
 - (ii) as at the date that the relevant Tranched Loan becomes subject to an Originator Trust, either (1) the Class Z VFN Holder shall have provided funding to the Issuer under the Class Z VFN in an amount equal to the difference between the drawn amount of the relevant Tranched Loan and the committed amount under that Tranched Loan (each, a **Funded Amount**) or (2) there are sufficient funds standing to the credit of the Retained Principal Ledger, which, if utilised to pay such Funded Amount, will not cause a deficiency to be recorded to the Retained Principal Ledger; and
 - (iii) each Funded Amount shall be deposited by the Issuer into the Transaction Account (with a corresponding credit made to the Tranched Loans Prefunding Ledger) for (1) application by the Issuer in acquiring the beneficial interest in the relevant Further Tranche advanced under the relevant Tranched Loan after the First Trust Date or the relevant Additional Trust Date, as the case may be or (2) if the acquisition of the relevant Further Tranche has been funded by amounts standing to the credit of the Retained Principal Ledger, to credit the Retained Principal Ledger; and
- (k) Following any Additional Loan being transferred to the Issuer, the Loans in the Portfolio generate a weighted average yield of at least LIBOR for three month deposits in sterling (calculated on an average basis over the immediately preceding Collection Period) plus 1.80%.

Original Valuation means the property valuation at the time of the latest advance.

Total Debt Advanced means the total amount of debt outstanding immediately following the last advance.

Undertakings of the Originator and Originator Trustee

The Originator and Originator Trustee will each undertake to the Issuer and the Security Trustee that, until the Issuer's obligations under the Notes and the Transaction Documents are discharged pursuant to the Issuer Deed of Charge, amongst other things, the Originator and the Originator Trustee, respectively:

- (a) shall each preserve and maintain its corporate existence and maintain its status as an authorised institution under FSMA;
- (b) shall, on each Trust Date, electronically identify as such in its systems that the relevant Loans and their Related Security over which a declaration of trust is being declared absolutely in favour of the Issuer are subject to the Originator Trusts and constitute part of the Portfolio;
- (c) shall provide on a timely basis to the Cash Manager such information as the Cash Manager reasonably requests in order for it to comply with its obligations and duties under the Cash Management Agreement;
- (d) shall following a Power of Attorney Event (and with regards to the Security Trustee only, solely following the delivery of a Note Acceleration Notice):
 - (i) if so instructed by the Issuer, the Security Trustee or any of their delegates, take such action as is necessary to preserve and/or exercise and/or enforce any of the Originator's rights under or pursuant to the Related Security in respect of the Loans included in the Portfolio subject to the Originator Trusts;
 - (ii) if so instructed by the Issuer, the Security Trustee or any of their delegates and subject to the terms of the Loans and their Related Security, take such action in relation to the Portfolio and the performance of its duties under the Originator Trust Deed as the Issuer, the Security Trustee or any of their delegates may reasonably consider necessary for the protection or enforcement of the rights of the Issuer hereunder (including but not limited to, notifying the Borrowers of the existence of the trusts created by the Originator Trust Deed); and
 - (iii) if so instructed by the Issuer, the Security Trustee or any of their delegates and subject to the terms of the Loans and their Related Security, deliver any documentation related to the Loans which is in its possession or control as directed by the Issuer, the Security Trustee against delivery of any confidentiality undertaking required by such documentation in connection with such delivery;
- (e) shall, at all times, perform its obligations in respect of the Originator Trusts under the Originator Trust Deed and the other Transaction Documents to which it is a party;
- (f) shall take all reasonable action to preserve and/or exercise and/or enforce any of its rights and perform and observe its obligations under and pursuant to the Originator Trust Deed and the other Transaction Documents to which it is a party or pursuant to which it derives a benefit;
- (g) shall not do or omit to do any act or thing which would, in the opinion of the Security Trustee, materially prejudice the interests of the Issuer and/or the Security Trustee in the Loans and their Related Security included in the Portfolio subject to the Originator Trusts;

- (h) shall not charge the mandatory cost rate (as set out in the Mortgage Conditions) for any Loan in the Portfolio;
- (i) shall not transfer or dispose of the Loans and their Related Security subject to the Originator Trusts or deal with any of them in such a way as to confer rights in any of them on any third parties or create any Security Interest over any of the Loans or their Related Security included in the Portfolio subject to the Originator Trusts save in the manner provided in or otherwise contemplated by the Originator Trust Deed or any of the Transaction Documents;
- (j) shall not, without the prior written consent of the Issuer, the Security Trustee or any of their delegates, on their behalf, part with possession, custody or control of the Loans or their Related Security subject to the Originator Trusts, other than (A) pursuant to any court order, or any direction of a statutory or governmental agency or other body with whose directions the Originator ordinarily complies, (B) otherwise as is necessary to enforce a claim against a Borrower or (C) otherwise as permitted by the Originator Trust Deed;
- (k) shall promptly notify the Issuer, the Cash Manager and the Security Trustee in writing if it receives written notice of any litigation or claim calling into question in any material way the Originator's, the Originator Trustee's or the Issuer's beneficial interest in or title to any of the Loans or its Related Security comprised in the Portfolio subject to the Originator Trusts or if it becomes aware of any breach of any of the Portfolio Criteria, the Loan Warranties or other obligations under the Originator Trust Deed unless such breach is rectified (where permitted under the Originator Trust Deed) or the beneficial interest in such Loan is re-acquired by or released to the Originator; and
- (l) shall participate or join in any legal proceedings to the extent reasonably necessary to protect, preserve and enforce the Originator's, the Originator Trustee's or the Issuer's or the Security Trustee's title to or interest in any Loan or its Related Security subject to the Originator Trusts provided that the Originator or the Originator Trustee is reimbursed by the Issuer subject to and in accordance with the relevant Priority of Payments under and in accordance with the Transaction Documents, for the reasonable legal expenses and costs (including any Irrecoverable VAT in respect thereof) of such proceedings.

The Originator shall also procure that all Revenue Receipts, Principal Receipts and any other cash amounts whatsoever received by the Originator which are Trust Assets are transferred into the EFGPB Bank Account within one Business Day of receipt thereof.

No retirement of the Originator Trustee

The Originator Trustee shall not, and shall not purport to, retire as the trustee of the Originator Trusts or appoint any additional trustee of the Originator Trusts and shall have no power to retire or appoint any additional trustee under the Trustee Act 1925 or otherwise. The Originator and the Issuer shall not at any time remove or purport to remove or replace the Originator Trustee as trustee of the Originator Trusts.

Termination of the Originator Trusts

Subject to the re-acquisition of the beneficial interest in Loans pursuant to the Originator Trust Deed, the Originator Trusts shall terminate in respect of the Loans subject to the Originator Trusts (if any then remain) upon the earlier to occur of:

- (a) the date on which all amounts due by the Issuer under the Notes and/or the Transaction Documents have been paid in full; and
- (b) the date on which the Issuer's obligations under the Notes and the Transaction Documents are discharged pursuant to the Issuer Deed of Charge,

and, for the avoidance of doubt, from the moment of such termination, the Originator Trustee shall hold the remaining Loans and their Related Security which had been subject to the Originator Trusts upon trust unto itself absolutely, freed and discharged from the Originator Trusts.

Servicing obligations of the Originator under the Originator Trust Deed

Introduction

The Originator will, from the First Trust Date, continue to service the Loans and their Related Security subject to the Originator Trusts.

Servicing Standard

Subject to the terms of the Originator Trust Deed and the Transaction Documents to which it is a party:

- (a) the Originator shall in the ordinary course of its business, acting as a Reasonable Prudent Mortgage Lender, collect payments from the Borrowers under the Loans and continue to administer such Loans in the same manner and with the standard of skill, care and diligence the Originator applies to its other residential mortgage loans, beneficially owned and administered by it, with a view to the timely collection of all sums due under each such Loan;
- (b) the Originator shall use reasonable efforts to administer and enforce (and exercise its powers and rights and perform its obligations under) the Loans comprised in the Portfolio and their Related Security subject to the Originator Trusts in all material respects in accordance with the policies set out in the Originator Trust Deed (subject to any changes made by the Originator following the First Trust Date and at all times such changes shall be in accordance with the standard of a Reasonable Prudent Mortgage Lender);
- (c) the Originator shall:
 - (i) comply with all applicable laws, rules, regulations and orders with respect to servicing and collection of the Loans;
 - (ii) exercise or refrain from exercising or enforcing its rights arising in respect of the Loans; and
 - (iii) at all times act,

in compliance with the terms of the Loans and the provisions of the Originator Trust Deed and the other Transaction Documents; and

- (d) the Originator will not take any action, or omit to take any action, likely to impair the interests of the Issuer in any of the Trust Assets or the value of any Loan save that (i) any action or omission undertaken in accordance with the standards set out in paragraphs (a), (b) and (c) above shall not breach this paragraph (d) and (ii) it is acknowledged that in taking all steps which would be reasonable to expect a Reasonable Prudent Mortgage Lender to take to recover all sums due in respect of the Loans including, without limitation, by the institution of proceedings and/or the enforcement of any relevant Loan or its Related Security comprised in the Portfolio that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the Originator may exercise such discretion as would a Reasonable Prudent Mortgage Lender in applying its enforcement procedures to any particular defaulting Borrower or taking action as aforesaid, provided that in exercising such discretion the interests of the Issuer in the Portfolio are not materially prejudiced,

and the obligations of the Originator in paragraphs (a) to (d) above shall constitute the **Servicing Standard**.

Originator's Servicing Obligations

In servicing the Loans subject to the Originator Trusts, the Originator:

- (a) will determine from time to time the amount of Losses on the Portfolio;
- (b) will be responsible for monitoring payments falling due in respect of each Loan;
- (c) will calculate the applicable rate of interest in relation to all Loans and shall communicate the same to the Issuer and the Cash Manager;
- (d) will take all steps, subject to the Servicing Standard, to recover all sums due under the Loans in the Portfolio;
- (e) may (subject to the Servicing Standard) prosecute or defend any legal or other proceedings anywhere in the world (and is entitled to be reimbursed for any reasonable costs and expenses (including any Irrecoverable VAT in respect thereof) of such defence out of the Trust Assets, including the proceeds of applicable Loans) if it is satisfied (after obtaining such legal or other advice which it considers appropriate in the circumstances) that it is in the interests of the Issuer to do so;
- (f) will monitor arrangements for insurance required in connection with the Loans from time to time in accordance with its ordinary business procedures, including, without limitation, any applicable block buildings policy; and
- (g) will, on the eighth (8th) Business Day of each February, May, August and November (or, if such day is not a Business Day, the immediately preceding Business Day), deliver to the Issuer, the Security Trustee, the Cash Manager and any other party as the Issuer may direct, a Servicing Report;

Removal or Resignation of the Originator in its servicing role

Upon the occurrence of any of the events specified in paragraphs (a) to (c) below (together the **Servicing Termination Events** and each a **Servicing Termination Event**), the Issuer shall be entitled (with the prior written consent of the Security Trustee) to either (x) appoint a new servicer which will, subject to the terms of the Originator Power of Attorney, service the Loans in the Portfolio in the name of EFG Private Bank Limited (a **Replacement Servicer**), or (y) require the Originator to appoint a Servicing Delegate in accordance with the terms of the Originator Trust Deed (see "*Part 9: Summary of the Key Transaction Documents – Originator Trust Deed – Appointment of a Servicing Delegate*"):

- (a) the Originator, in its servicing capacity, defaults in the payment on the due date of any payment due and payable by it under the relevant provisions of the Originator Trust Deed and such default continues unremedied for a period of 30 Business Days after the earlier of (i) the Originator becoming aware of such default and (ii) receipt by the Originator of written notice from the Issuer or the Security Trustee, as the case may be, specifying the particulars of the default and requiring the same to be remedied; or
- (b) the Originator, in its servicing capacity, defaults in the performance or observance of any of its other covenants and obligations under the relevant provisions of the Originator Trust Deed, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Originator does not remedy that failure within 40 Business Days after the earlier of (i) the Originator becoming aware of the failure and (ii) receipt by the Originator of written notice from the Issuer or the Security Trustee, as the case may be, specifying the particulars of the Originator's non-compliance with its servicing obligations (other than those specified in the Originator Trust Deed) and requiring the same to be remedied; provided however, that where the relevant default occurs as a result of a default by any person to whom the Originator has sub-contracted or delegated part of its obligations under the Originator Trust Deed, such default shall not constitute a Servicing Termination Event if within 40 Business Days of the occurrence of such default the Originator either procures the remedy of such default or terminates the relevant sub-contracting or delegation arrangements and indemnifies the Issuer and the Security Trustee against the direct consequences of such default; or
- (c) an Insolvency Event occurs in relation to the Originator (whilst the Originator continues to act in its servicing capacity).

An **Insolvency Event** will occur in relation to the Originator if:

- (a) an order is made or an effective resolution passed for the winding up of the Originator; or
- (b) the Originator ceases or threatens to cease to carry on the whole of its business or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amounts of its liabilities (taking into account, for both these purposes, contingent and prospective liabilities) or otherwise becomes insolvent; or

- (c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the Originator under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Originator is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the Originator or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the Originator and in any of the foregoing cases it is not discharged within 15 Business Days; or if the Originator initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness.

Subject to the fulfilment of a number of conditions, the Originator may voluntarily resign by giving not less than 12 months' written notice to, among others, the Security Trustee and the Issuer (or such shorter time as may be agreed between the Originator, the Issuer and the Security Trustee) provided that a replacement servicer (who may be the Replacement Servicer, if already appointed) has been appointed and enters into a servicing agreement. The Originator shall not be permitted to resign under any other circumstances than those permitted in the Originator Trust Deed.

If the appointment of the Originator in its servicing role is terminated or the Originator resigns from its servicing role, the Originator must deliver the Loan Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the Issuer.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Appointment of a Servicing Delegate

If so required by the Issuer (with the prior written consent of the Security Trustee), the Originator will delegate the performance of its servicing duties under the Originator Trust Deed to a replacement servicer (who may be the Replacement Servicer, if already appointed) (the **Servicing Delegate**) upon the occurrence of a Servicing Termination Event.

If the Originator does delegate the performance of its servicing duties under the Originator Trust Deed to a Servicing Delegate, the Originator will not be permitted to terminate in any way the delegation of such servicing duties unless it is required to do so by the Issuer (with the prior written consent of the Security Trustee).

Servicing Fees

Subject to (i) the Priorities of Payment and (ii) the Originator, in its servicing capacity, not having given prior written notice of its waiver of any such fee to the Cash Manager and the Issuer, the Originator, in its servicing capacity, shall be paid, for the performance of its servicing duties and obligations under the Originator Trust Deed, a servicing fee (the **Servicing Fee**) on each Interest

Payment Date up to and including the Final Maturity Date (or, if earlier, the date upon which the Notes are to be redeemed in full). The Servicing Fee shall be equal to 0.25% (inclusive of VAT, if any) on the aggregate Current Balance of the Loans in the Portfolio as determined on the last day of the immediately preceding Collection Period.

Upon any delegation of the Originator's servicing role to the Servicing Delegate, the Issuer (or the Cash Manager on the Issuer's behalf) may pay any fees of the Servicing Delegate directly to such Servicing Delegate, in consideration of the Servicing Delegate's performance of the servicing duties and obligations. The Originator shall not have any further claim against the Issuer (or the Cash Manager) to the Servicing Fee if any fees of a Servicing Delegate are paid directly by the Issuer to the Servicing Delegate.

Governing Law

The Originator Trust Deed is governed by English law.

Originator Power of Attorney

Pursuant to the Originator Power of Attorney given by the Originator on the Closing Date (the **Originator Power of Attorney**), the Originator irrevocably appoints each of the Issuer and (only following the Issuer Security becoming enforceable), the Security Trustee to be the attorney of the Originator, which will enable the Issuer (or the Security Trustee, if applicable) to act in the Originator's name and to do any act, matter or thing which the Issuer or Security Trustee considers necessary or desirable for the protection, preservation of enjoyment of the interest of the Issuer or Security Trustee in the Loans and their Related Security. The powers of the Issuer or Security Trustee under the Originator Power of Attorney broadly include (without limitation) the power:

- (a) to take action to enforce a change of the collection account arrangements in relation to Borrowers whose Loans are in the Portfolio;
- (b) to do every other act or thing which the Originator is obliged to do under the Originator Trust Deed;
- (c) to exercise its rights, powers and discretions under the Loans including the right to fix the rate or rates of interest payable under the Loans in accordance with the terms thereof;
- (d) in the event that the Originator fails to take such timely action as required pursuant to the terms of the Originator Trust Deed, to exercise all the powers of the Originator in relation to such Loans and their Related Security;
- (e) to open, operate, deposit into, withdraw from or close any bank account forming part of the Trust Assets or which would form part of the Trust Assets but for the Originator's failure to observe any of the terms of the Originator Trust Deed;
- (f) to do any act or thing or to execute, sign, seal and deliver any documents, agreement, deed, transfer or conveyance which the Originator shall be required to do in accordance with any obligation or condition to be performed on the part of the Originator in the Originator Trust Deed; and

- (g) to do any action which involves matters fundamental to the constitution of the relevant Originator Trust or allocation of the Trust Assets subject to the relevant Originator Trust.

Issuer Deed of Charge

On the Closing Date, the Issuer entered into the Issuer Deed of Charge with the Security Trustee.

Security

Under the terms of the Issuer Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the **Issuer Security**) as trustee for itself and for the benefit of the Secured Creditors (including the Noteholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (subject to any set-off or netting provisions provided therein) (other than the Note Trust Deed and the Issuer Deed of Charge);
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the Trust Assets;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies acquired by the Issuer pursuant to the Originator Trust Deed;
- (d) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in the Issuer Bank Accounts and any other account (including any securities accounts) in which it has an interest and any sums or securities standing to the credit thereof;
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer; and
- (f) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge or assignment but extending over all of the Issuer's property, assets, rights and revenues (whether or not the subject of fixed charge or assignment as aforesaid).

Authorised Investments means:

- (a) Sterling gilt-edged securities; and/or
- (b) Sterling demand or term deposits, certificates of deposit and short term debt obligations,

provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments (i) have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date or within 90 days, whichever is sooner and (ii) may be broken or demanded by the Issuer (at no

cost to the Issuer) on or before the next following Interest Payment Date or within 90 days, whichever is sooner.

Transaction Documents means the Note Trust Deed, the Agency Agreement, the EFGPB Bank Account Agreement, the Transaction Account Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Issuer Deed of Charge (and any documents entered into pursuant to the Issuer Deed of Charge, including the Issuer Power of Attorney), the Master Definitions and Construction Schedule, the Originator Trust Deed (and any documents entered into pursuant to the Originator Trust Deed, including the Originator Power of Attorney) 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 but, for avoidance of doubt, shall not include the Note Purchase Agreement.

Secured Creditors means the Security Trustee (and any receiver appointed pursuant to the Issuer Deed of Charge), the Note Trustee, the Noteholders, the Originator (in its separate capacities as Originator and servicer), the Cash Manager, the EFGPB Account Bank, the Transaction Account Bank, the Corporate Services Provider, the Note Registrar, the Agent Bank and any other person who is expressed in the Issuer Deed of Charge or any deed supplemental to the Issuer Deed of Charge to be a secured creditor.

The floating charge created by the Issuer Deed of Charge may “crystallise” and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically following the occurrence of specific events set out in the Issuer Deed of Charge, including, among other events, when a Note Event of Default occurs. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Issuer Security.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments

Prior to the Note Trustee serving a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Transaction Account as described in “*Part 11: Cashflows — Application of Available Revenue Receipts prior to the occurrence of a Note Event of Default*” and “*Part 11: Cashflows – Application of Available Principal Receipts prior to the occurrence of a Note Event of Default*” below.

Post-Enforcement Priority of Payments

After the Note Trustee has served a Note Acceleration Notice (which has not been withdrawn) on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) shall apply the monies available in accordance with the Post-Enforcement Priority of Payments defined in “*Part 11: Cashflows — Distribution of Available Principal Receipts and Available Revenue Receipts following the occurrence of a Note Event of Default*” below.

The Issuer Security will become enforceable following the service of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes provided that, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes (a **Restricted Default**), the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless:

- (a) in the event that the Class A Holder have not been repaid in full prior to the occurrence of the Restricted Default, a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Class A Holder (and all persons ranking in priority to the Class A Holder as set out in the Post-Enforcement Priority of Payments); or
- (b) if all of the Class A Holder have been repaid in full prior to the occurrence of the Restricted Default, a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Class Z VFN Holder (and all persons ranking in priority thereto); or
- (c) an independent third party (the **Independent Third Party**) appointed by the Issuer (in consultation with the Cash Manager) is of the opinion that the cash flow prospectively receivable by the Issuer will not (or there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Holder (and all persons ranking in priority to the Class A Holder as set out in the Post-Enforcement Priority of Payments) in the event that the Class A Holder have not been repaid in full at the time of the Restricted Default or, if all of the Class A Holder have been repaid prior to the occurrence of the Restricted Default, to the Class Z VFN Holder (and all persons ranking in priority thereto), which opinion shall be binding on the Secured Creditors and reached after considering at any time and from time to time the advice of any financial adviser (or such other professional adviser selected by the Independent Third Party).

The fees and expenses of the Independent Third Party shall be paid by the Issuer.

Governing Law

The Issuer Deed of Charge is governed by English law.

Note Trust Deed

On the Closing Date, the Issuer, EFG Private Bank Limited, the Security Trustee and the Note Trustee entered into the Note Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes are subject to the provisions in the Note Trust Deed. The Conditions and the forms of the Notes are constituted by, and set out in, the Note Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders.

In accordance with the terms of the Note Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Note Trust Deed at the rate and times agreed between the Issuer and the Note Trustee together with payment of any liabilities incurred by the Note Trustee

in relation to the Note Trustee's performance of its obligations under or in connection with the Note Trust Deed and the other Transaction Documents.

Further Issue of Notes

Pursuant to Clause 4.6 of the Note Trust Deed, the Issuer shall be at liberty from time to time (but subject always to the provisions therein) without the consent of the Noteholders to create and issue further Class A Notes having terms and conditions the same as the existing Class A Notes or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same shall be consolidated and form a single Class with the outstanding Class A Notes.

If the Issuer were to increase the Maximum Class Z VFN Amount pursuant to, and in accordance with the Conditions and the Note Trust Deed, any increase above the Maximum Class Z VFN Amount will be on the same terms as the existing Class Z VFN.

Accordingly, the Issuer notes that, if any further Notes are issued (as described in the immediately preceding paragraphs):

- (a) such further Notes will be fully fungible with the existing Notes immediately upon issue; and
- (b) an application will be made for listing such notes.

Substitution of Issuer

Clause 24 of the Note Trust Deed provides that any substitution of the Issuer as principal debtor permitted pursuant to Condition 7.5 (*Optional Redemption of the Notes for Taxation or Other Reasons*) and Condition 12.10 (*Issuer Substitution Condition*) of the Conditions shall be effected in accordance with the terms set forth in such Clause 24. If such substitution of the Issuer were to occur, the Notes issued pursuant to the Note Trust Deed would be delisted and any new issuer will make a new application for listing of the Notes to the Authority.

Retirement of Note Trustee

The Note Trustee may retire at any time upon giving not less than 40 Business Days' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any costs occasioned by such retirement. The Class A Holder may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Note Trust Deed and the Issuer Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trustee (being a trust corporation) in office after such retirement or being removed by Extraordinary Resolution of the Class A Holder. The Issuer will agree in the Note Trust Deed that, in the event of the sole trustee or the only trustee under the Note Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 40 Business Days from the date the Note Trustee gives its notice of retirement or Extraordinary Resolution of the Class A Holder, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the Class A Holder.

Governing Law

The Note Trust Deed is governed by English law.

Agency Agreement

On the Closing Date, the Issuer, the Note Trustee, the Agent Bank, the Note Registrar and the Security Trustee entered into the Agency Agreement pursuant to which provision has been made for, among other things, payment of principal and interest in respect of the Notes.

Governing Law

The Agency Agreement is governed by English law.

Cash Management Agreement

On the Closing Date, the Cash Manager, the Issuer, and the Security Trustee entered into a cash management agreement (the **Cash Management Agreement**).

Cash Management Services to be Provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other incidental services to the Issuer. The Cash Manager's principal function will be effecting payments to and from the Transaction Account, as the case may be. In addition, the Cash Manager will, *inter alia*:

- (a) provide the Issuer, the Security Trustee, the Originator Trustee and the Noteholders with the Investor Report setting out certain aggregated loan data in relation to the Portfolio one (1) Business Day prior to each Interest Payment;
- (b) operate the Issuer Bank Accounts and any additional account(s) and ensure that payments are made into and from such accounts in accordance with the Cash Management Agreement, the Bank Account Agreements, the Issuer Deed of Charge and any other relevant Transaction Documents, provided that nothing shall require the Cash Manager to make funds available to the Issuer to enable such payments to be made other than as expressly required by the provisions of the Cash Management Agreement;
- (c) calculate the Available Revenue Receipts and Available Principal Receipts to be applied on the relevant Interest Payment Date;
- (d) apply, or cause to be applied, Available Revenue Receipts, in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments;
- (e) if required by the Security Trustee, apply, or cause to be applied, Available Revenue Receipts and Available Principal Receipts in accordance with the Post-Enforcement Priority of Payments;
- (f) record credits to, and debits from the Retained Principal Ledger, the Principal Ledger, the Revenue Ledger, the Issuer Profit Ledger, the Principal Deficiency Ledger and the Tranche Loans Ledger, as and when required;

- (g) make payments of the consideration for an Additional Loan, a Further Tranche and a Further Advance to the Originator;
- (h) record any drawing made under the Class Z VFN upon notification from the Originator or the Issuer of such drawing being made;
- (i) upon receipt of the Servicing Report, verify as at the end of each Cash Sweep Date (defined below), against the balance of the EFGPB Bank Account, the Revenue Ledger and Principal Ledger, that amounts standing to the credit of the EFGPB Bank Account have been transferred to the Transaction Account (and recorded on the Revenue Ledger or the Principal Ledger, as the case may be, accordingly) on that Cash Sweep Date. In the event that such transfer has not been effected, the Cash Manager shall direct the EFGPB Account Bank to transfer amounts standing to the credit of the EFGPB Bank Account to the Transaction Account, and record all such receipts to the credit of the Revenue Ledger or the Principal Ledger, as the case may be, in each case on the immediately following Business Day;
- (j) verify on behalf of the Issuer on the Quarterly Test Date immediately following the Collection Period in which an Additional Loan, Further Advance, Product Switch or Further Tranche was acquired, the determination made by the Originator, in its capacity as servicer, as to the applicability of the Portfolio Criteria to such Additional Loan, Further Advance, Product Switch or Further Tranche on the relevant Additional Trust Date, Further Advance Trust Date, Product Switch Date or Further Tranche Trust Date, as applicable; and
- (k) make any determinations and calculations in respect of any Reconciliation Amount, if necessary.

In addition, the Cash Manager will or, in respect of paragraph (c) below, may:

- (a) maintain the following ledgers (the **Ledgers**), in each case on the Transaction Account, on behalf of the Issuer:
 - (i) the **Principal Ledger**, which will record all Principal Receipts received by the Issuer and the distribution of the Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
 - (ii) the **Revenue Ledger**, which will record all Revenue Receipts received by the Issuer and distribution of the Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
 - (iii) the **Cash Reserve Fund Ledger** which was established on the Closing Date but may be funded after the Closing Date at the discretion of the Originator and, if funded, will record (i) as a credit, all amounts credited to the Cash Reserve Fund (the **Cash Reserve Fund**) from funding of the Class Z VFN for such purpose and/or from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and (ii) as a debit, withdrawals from the Cash

Reserve Fund on each Interest Payment Date (see “*Credit Structure — (2) Cash Reserve Fund and Cash Reserve Fund Ledger*” below);

- (iv) the **Retained Principal Ledger** which will record (i) as a credit, all amounts credited to the Retained Principal Fund (the **Retained Principal Fund**) on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments and (ii) as a debit, all amounts withdrawn from the Retained Principal Fund to acquire the beneficial interest in first, any Additional Loans or Further Advances and second, to the extent of available funds, any Further Tranches (see — “*Credit Structure — (4) Retained Principal Fund and Retained Principal Ledger*” below);
 - (v) the **Principal Deficiency Ledger** (comprising two sub-ledgers) which shall record on the Class A Principal Deficiency Ledger and the Class Z VFN Principal Deficiency Ledger (as the case may be) (i) as a debit deficiencies arising from Losses on the Portfolio and Principal Receipts used to pay a Revenue Deficiency and (ii) as a credit Available Revenue Receipts applied pursuant to items (g) and (j) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon be applied as Available Principal Receipts) (see “*Credit Structure — (6) Principal Deficiency Ledgers*” below);
 - (vi) the **Tranched Loans Ledger** which will record (i) as a credit, funds provided by the Class Z VFN Holder and deposited in the Tranched Loans Fund (the **Tranched Loans Fund**) held on the Transaction Account on the acquisition by the Issuer of the beneficial interest in Tranched Loans, and (ii) as a debit, amounts used by the Issuer to acquire Further Tranches advanced under Tranched Loans and amounts repaid to the Class Z VFN Holder if a Borrower does not draw a Further Tranche under a Tranched Loan prior to the expiry of 12 months from the date that the Issuer acquires a beneficial interest in that Tranched Loan. Amounts standing to the credit of the Tranched Loans Fund are to be applied by the Issuer to acquire the beneficial interest in first, any Further Tranches and second, to the extent of available funds, any Additional Loans or Further Advances (see “*Credit Structure — (5) Tranched Loans Reserve Fund and Tranched Loans Ledger*” below); and
 - (vii) the **Issuer Profit Ledger** which shall record (i) as a credit, the Issuer Profit Amount retained by the Issuer as profit in accordance with the relevant Priority of Payments and (ii) as a debit, any amounts paid out to discharge any tax liability of the Issuer;
- (b) calculate on each Calculation Date the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the relevant Interest Payment Date; and
 - (c) at the direction of the Originator, on behalf of and in the name of the Issuer, invest monies standing to the credit of an Issuer Bank Account in Authorised Investments, provided that (i) any costs properly and reasonably incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer, and (ii) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Issuer Bank Account(s) from which the monies to invest in Authorised Investments were originally drawn.

Issuer Profit Amount means an amount equal to £300 as at each Interest Payment Date (£1,200 per annum).

Investor Reports

Under the Cash Management Agreement, with the assistance of the Originator, the Cash Manager will agree, to prepare and deliver, on a quarterly basis 1 Business Day prior to each Interest Payment Date, the Investor Report addressed to the Issuer, the Security Trustee and the Originator Trustee setting out the payments into and out of each of the Issuer Bank Accounts and payments to other third parties.

The Investor Report will be accessible to the recipients listed above via the Cash Manager's website, one Business Day prior to each Interest Payment Date. The website and the contents thereof do not form part of these Listing Particulars.

Remuneration of Cash Manager

The Cash Manager will be paid a fee (inclusive of any VAT) for its cash management services under the Cash Management Agreement quarterly in arrears on each Interest Payment Date of such amount and on such terms as may be agreed between the Issuer and the Cash Manager. The fee is payable quarterly in arrears on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Termination of Appointment and Replacement of Cash Manager

In certain circumstances the Issuer and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and to appoint a substitute (the identity of which will be subject to the Security Trustee's written approval). Any substitute cash manager will have rights and obligations which are commercially acceptable in the market, pursuant to which the substitute cash manager will agree to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement. The fee payable to the substitute cash manager may be higher.

Liability of the Cash Manager

The Cash Manager will indemnify the Issuer on an after-tax basis for any liabilities directly suffered or incurred by the Issuer in respect of the gross negligence, fraud or wilful default of the Cash Manager in carrying out its functions as Cash Manager under the Cash Management Agreement or such other Transaction Documents to which the Cash Manager is a party (in its capacity as such).

Governing Law

The Cash Management Agreement is governed by English law.

EFGPB Bank Account Agreement

Pursuant to the terms of a bank account agreement entered into on the Closing Date among the Issuer, EFG Private Bank Limited, in its separate capacities as Originator, Originator Trustee and EFGPB Account Bank (the **EFGPB Bank Account Agreement**), the Cash Manager and the

Security Trustee, the Issuer will maintain an account (the **EFGPB Bank Account**) with EFG Private Bank Limited, as Account Bank, which will be operated in accordance with the Cash Management Agreement and the Issuer Deed of Charge.

All amounts received from Borrowers in respect of Loans in the Portfolio will be transferred by the Originator to the EFGPB Bank Account from the Originator's collection client accounts on or prior to the Business Day following receipt of such amounts. Amounts standing to the credit of the EFGPB Bank Account will be transferred by EFGPB Account Bank to the Transaction Account on the first day immediately following the last day of each Collection Period (or, in each case, if such day is not a Business Day, the immediately preceding Business Day) (the **Cash Sweep Date**).

The EFGPB Bank Account Agreement may be terminated in certain circumstances by the Issuer with the assistance of the Cash Manager (with the consent of the Security Trustee), including following the occurrence of an insolvency event in respect of the EFGPB Account Bank), or following default by the EFGPB Account Bank, in the performance of its obligations under the EFGPB Bank Account Agreement which continues unremedied for a period of 20 Business Days after receiving notice or becoming aware of such default.

Governing Law

The EFGPB Bank Account Agreement is governed by English law.

Transaction Account Agreement

Pursuant to the terms of the Transaction Account Agreement entered into on the Closing Date among the Issuer, the Originator, the Originator Trustee, the Transaction Account Bank, the Cash Manager and the Security Trustee (the **Transaction Account Agreement**), the Issuer will maintain a transaction account (the **Transaction Account**) with the Transaction Account Bank, which will be operated in accordance with the Cash Management Agreement and the Issuer Deed of Charge. The Issuer may also establish additional accounts (including, without limitation, custody accounts) with the Transaction Account Bank under the Transaction Account Agreement.

Amounts will be deposited in the Transaction Account on or around each Cash Sweep Date and such deposit amounts will be credited to the Revenue Ledger or the Principal Ledger, as the case may be, pursuant to the Cash Management Agreement. On each Interest Payment Date, amounts standing to the credit of the Transaction Account will be applied by the Cash Manager pursuant to the Cash Management Agreement and in accordance with the Priorities of Payments described under "*Part 11: Cashflows*".

The Transaction Account Agreement may be terminated by the Issuer with the assistance of the Cash Manager (with the consent of the Security Trustee) including the occurrence of an insolvency event in respect of the Transaction Account Bank or default by the Transaction Account Bank in the performance of its obligations under the Transaction Account Agreement which continues unremedied for a period of 20 Business Days after becoming aware of such default or after receiving notice from the Issuer or the Originator or, following a Note Acceleration Notice, the Security Trustee.

Governing Law

The Transaction Account Agreement is governed by English law.

The Corporate Services Agreement

On the Closing Date, the Issuer, the Share Trustee, the Security Trustee, the Corporate Services Provider and EFG Private Bank Limited entered into a corporate services agreement (the **Corporate Services Agreement**) pursuant to which the Corporate Services Provider provides the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), the providing of the directors with information in connection with the Issuer and Holdings and the arrangement for the convening of shareholders' and directors' meetings.

Governing Law

The Corporate Services Agreement is governed by English law.

Note Purchase Agreement

EFG International Finance (Luxembourg) S.à.r.l., as purchaser of the Class A Notes (the Class A Note Purchaser) and EFG International (Guernsey) Limited, as purchaser of the Class Z VFN (the VFN Purchaser, together with the Class A Note Purchaser, the Note Purchasers), have, pursuant to a note purchase agreement dated the Closing Date between the Originator, the Class A Note Purchaser, the VFN Purchaser and the Issuer (the Note Purchase Agreement), agreed with the Issuer (subject to certain conditions) to subscribe and pay for:

(A) in the case of the Class A Note Purchaser, £253,600,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes; and

(B) in the case of the VFN Purchaser, £135,000,000 (of which £100,608,000 was subscribed for on the Closing Date) of the Class Z VFN at the issue price of 100 per cent. of the aggregate principal amount of the Class Z VFN as at the Closing Date.

Each of the Originator and the Issuer has agreed to indemnify the Note Purchasers against certain liabilities and to pay certain costs and expenses in connection with the offer and sale of the Notes.

Governing Law

The Note Purchase Agreement is governed by English law.

Part 10: Credit Structure

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Originator, the Cash Manager, the Account Banks, the Note Registrar, any company in the same group of companies as any such entities or any other party to the Transaction Documents. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Originator, the Cash Manager, the Account Banks, the Note Registrar or by any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

1. Credit Support for the Notes provided by Available Revenue Receipts

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (m) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any Deferred Consideration payable under item (m) of the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio and the performance of the Portfolio.

Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met under items (a) to (g) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish and increase the Cash Reserve Fund up to and including an amount equal to the Cash Reserve Required Balance.

2. Cash Reserve Fund and Cash Reserve Fund Ledger

On the Closing Date, the Issuer established a fund called the **Cash Reserve Fund** to provide credit enhancement for the Class A Notes. The Cash Reserve Fund may be funded after the Closing Date (but prior to the occurrence of an Early Amortisation Event or prior to the end of the Revolving Period) at the discretion of the Originator in the amount up to the Cash Reserve Required Balance from funding of the Class Z VFN. If funded, the Cash Reserve Fund will be replenished from Available Revenue Receipts in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date.

The Cash Reserve Fund will be deposited in the Transaction Account (with a corresponding credit being made to the Cash Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the Transaction Account in Authorised Investments. For more information about the application of the amounts standing to the credit of the Cash Reserve

Fund, see “*Part 11: Cashflows – Application of Monies Released from the Cash Reserve Fund*” below.

The Cash Manager will maintain the Cash Reserve Fund Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the Cash Reserve Fund.

The **Cash Reserve Required Balance** will be (i) as of the Closing Date, zero, and (ii) as of any date thereafter, an agreed amount (which may be zero) which will equal a specified percentage of the aggregate Current Balance of the Portfolio as at such date as determined by the Originator and provided to the Cash Manager.

On any Interest Payment Date on which the Class A Notes are fully repaid or otherwise redeemed in full, the Cash Reserve Required Balance will be reduced to zero and any amounts held in the Cash Reserve Fund will form part of Available Revenue Receipts and will be applied in accordance with the relevant Pre-Enforcement Priority of Payments.

3. Use of Principal Receipts to pay Revenue Deficiency

On each Calculation Date, the Cash Manager will calculate whether the aggregate of items (a) to (f) less (g) of the Available Revenue Receipts is insufficient to pay items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments. If there is a deficit (the **Revenue Deficiency**), then the Issuer (or the Cash Manager on its behalf) shall pay or provide for that Revenue Deficiency by the application of amounts standing to the credit of the Principal Ledger, if any, and the Cash Manager shall make a corresponding entry in the relevant Principal Deficiency Ledger, as described in “— (6) *Principal Deficiency Ledgers*” below as well as making a debit in the Principal Ledger. Any such entry and debit shall be made and taken into account prior to the application of Available Principal Receipts on the relevant Interest Payment Date. For more information about the application of Principal Receipts to pay a Revenue Deficiency, see “*Part 11: Cashflows – Application of Principal Receipts to pay Revenue Deficiency*”.

4. Retained Principal Fund and Retained Principal Ledger

On each Interest Payment Date during the Revolving Period, the Issuer will (to the extent such amounts are not used to acquire the beneficial interest in Additional Loans during the immediately preceding Collection Period) credit the Retained Principal Fund with the Available Principal Receipts and make a corresponding credit to the Retained Principal Ledger. Amounts standing to the credit of the Retained Principal Fund will be used (on a first in, first out basis) on each Additional Trust Date or Further Advance Trust Date to acquire the beneficial interest in Additional Loans, if so offered by the Originator, or Further Advances (as applicable). If any amount deposited in the Retained Principal Fund has not been withdrawn within 12 months of the date of deposit, an Early Amortisation Event will occur, the Revolving Period will end, and all amounts standing to the credit of the Retained Principal Fund will be available to the Issuer as Available Principal Receipts to apply in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, as applicable, on the next following Interest Payment Date. For more information about the application of the amounts standing to the credit of the Retained Principal Fund, see “*Part 11: Cashflows – Application of Amounts standing to the credit of the Retained Principal Ledger*”.

5. Tranched Loans Reserve Fund and Tranched Loans Ledger

If the Issuer acquires a Tranched Loan (either as part of the Initial Portfolio or during the Revolving Period), the Class Z VFN Holder shall be required to provide funding under the Class Z VFN in an amount equal to the difference between the drawn amount and the committed amount under the Tranched Loan. Such funds shall be deposited by the Issuer on the Tranched Loans Reserve held in the Transaction Account (with a corresponding credit made to the Tranched Loans Ledger). If the Tranched Loan Commitment lapses, the amounts credited to the Tranched Loan Ledger in relation to such Loan will be returned to the Class Z VFN Holder (by way of redemption of the Class Z VFN in accordance with Condition 7.7 (*Redemption of the Class Z VFN following the lapse of a Tranched Loan Commitment*)) (and, for the avoidance of doubt, will not form part of Available Principal Receipts for the Issuer to distribute on the relevant Interest Payment Date).

6. Principal Deficiency Ledgers

A Principal Deficiency Ledger, comprising two sub ledgers, known as the **Class A Principal Deficiency Ledger** and the **Class Z VFN Principal Deficiency Ledger** (each, a Principal Deficiency Ledger and, together, the Principal Deficiency Ledgers), was established on the Closing Date in order to record any Losses on the Portfolio as allocated against each of the Classes of Notes referenced above and/or the application of Principal Receipts to pay any Revenue Deficiency on an Interest Payment Date to fund senior expenses and interest payments on the Class A Notes. Losses or debits recorded on the Class A Principal Deficiency Ledger shall be recorded in respect of the Class A Notes. Losses or debits recorded on the Class Z VFN Principal Deficiency Ledger shall be recorded in respect of the Class Z VFN.

The application of any Principal Receipts to meet any Losses on the Portfolio will be recorded as a debit:

- (a) first, to the Class Z VFN Principal Deficiency Ledger up to a maximum of the Class Z VFN Principal Deficiency Limit; ; and
- (b) second, *pro rata* and *pari passu* to the Class A Principal Deficiency Ledger.

Losses means, in respect of any Calculation Date, the amount (if any) determined in good faith by the Originator (in its servicing capacity) as being the outstanding principal balance due in respect of all Defaulted Loans after the Originator (in its servicing capacity) has determined that it will not or is unlikely to recover the full outstanding principal balance of such Defaulted Loan. Losses will be calculated after applying any recoveries from any source to outstanding principal and interest amounts due and payable on the relevant Loan.

Class Z VFN Principal Deficiency Limit means the Principal Amount Outstanding of the Class Z VFN used to fund the Current Balance (calculated as at such corresponding funding date) of the Loans.

Amounts allocated to each Principal Deficiency Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments. Such amounts will be applied in repayment of principal as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

7. Available Receipts

To the extent that the Available Revenue Receipts and Available Principal Receipts are sufficient on any Calculation Date, they shall be paid on the immediately following Interest Payment Date to the persons entitled thereto (or a relevant provision made) in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as applicable. It is not intended that any surplus will be accumulated in the Issuer (although this does not include the Issuer Profit Amount which the Issuer expects to generate each accounting period as its profit in respect of the business of the Issuer, amounts standing to the credit of the Cash Reserve Fund Ledger).

If, on any Interest Payment Date whilst there are Class A Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest otherwise due on the Class Z VFN then the Issuer will be entitled under Condition 15 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Such deferral will not constitute a Note Event of Default. If there are no Class A Notes then outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class Z VFN.

Failure to pay interest on the Class A Notes within any applicable grace period in accordance with the Conditions shall constitute a Note Event of Default which may result in the Security Trustee enforcing the Issuer Security.

Part 11: Cashflows

Definition of Revenue Receipts

Revenue Receipts means (a) payments of interest and other fees due from time to time under the Loans (including Early Repayment Fees and any Arrears of Interest) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced and (c) recoveries of any amounts (including any interest and principal amounts) from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed if such recoveries are identifiable by the Originator Trustee as pertaining to a Loan in the Portfolio.

Definition of Available Revenue Receipts

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

- (a) Revenue Receipts received during the immediately preceding Collection Period, or if in a Determination Period, Calculated Revenue Receipts, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;
- (b) interest payable to the Issuer on the Issuer Bank Accounts and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (c) other net income of the Issuer received during the immediately preceding Collection Period (excluding any Principal Receipts);
- (d) amounts standing to the credit of the Cash Reserve Fund as at the last day of the immediately preceding Collection Period;
- (e) amounts credited to the Transaction Account on the immediately preceding Interest Payment Date in accordance with item (m) of the Pre-Enforcement Revenue Priority of Payments
- (f) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.9(c);

less:

- (g) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies, which properly belong to third parties (including the Originator) such as (but not limited to):
 - payments of certain insurance premiums provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
 - 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;

- payments by the Borrower of any fees (including Early Repayment Fees) and other charges which are due to the Originator; and
- 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,

(together the **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the Issuer Bank Accounts to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

plus:

- (h) if a Revenue Deficiency occurs such that the aggregate of items (a) to (f) less (g) above is insufficient to pay or provide for interest due on the Class A Notes or amounts ranking in priority thereto in the Pre-Enforcement Revenue Priority of Payments, Available Principal Receipts in an aggregate amount sufficient to cover such Revenue Deficiency; and
- (i) any Further Class Z VFN Funding provided (or to be provided prior to the forthcoming Interest Payment Date) by the Class Z VFN Holder in order to ensure that following the application of Available Revenue Receipts on such Interest Payment Date there will not be an outstanding balance on the Principal Deficiency Ledger.

As used in these Listing Particulars:

Accrued Interest means in respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the periodic payment date in respect of that Borrower's Loan immediately preceding the relevant date to (but excluding) the relevant date;

Appointee means any attorney, manager, agent, delegate, nominee, Receiver, receiver and manager, custodian or other person properly appointed by the Note Trustee under the Note Trust Deed or the Security Trustee under the Issuer Deed of Charge (as applicable) to discharge any of its functions;

Arrears of Interest means as at any date in respect of any Loan, the aggregate of all interest (other than Accrued Interest) on that Loan which is currently due and payable and unpaid on that date;

Early Repayment Fee means any fee (other than a Redemption Fee) which a Borrower is required to pay in the event that such Borrower repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions;

Early Repayment Fee Receipts means an amount equal to sums received by the Issuer from time to time in respect of Early Repayment Fees; and

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 Loan on the maturity date of such Loan.

Application of Monies Released from the Cash Reserve Fund

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Cash Reserve Fund Ledger as at the end of the immediately preceding Collection Period will be applied on each Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Cash Reserve Fund Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Application of Principal Receipts to pay Revenue Deficiency

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Retained Principal Ledger and the Principal Ledger as at the end of the immediately preceding Collection Period may be applied on each Interest Payment Date to make payments to items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments in an amount equal to the Revenue Deficiency on such Interest Payment Date.

If any amounts are applied from the Retained Principal Ledger and the Principal Ledger to pay or provide for a Revenue Deficiency on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding entry in the relevant Principal Deficiency Ledger.

Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Principal Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Application of amounts standing to the credit of the Retained Principal Ledger

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Retained Principal Ledger as at any Additional Trust Date (in relation to an Additional Portfolio) or any Further Advance Trust Date (in relation to any Further Advances) or Further Tranche Trust Date (in relation to Further Tranches) may be applied by the Issuer, on a first in, first out basis, to acquire a beneficial interest in Additional Loans (if so offered by the Originator from time to time) or the beneficial interest in any Further Advances.

If any amount standing to the credit of the Retained Principal Ledger has not been withdrawn within 12 months of the date of deposit, an Early Amortisation Event will occur and the Revolving Period shall end. Following the occurrence of an Early Amortisation Event, amounts standing to the credit of the Retained Principal Ledger shall be applied in accordance with the Pre-Enforcement Principal Priority of Payments or, as applicable, the Post Enforcement Priority of Payments.

Following service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the Retained Principal Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Application of funds standing to the credit of the Tranched Loans Ledger

The Issuer established the Tranched Loans Fund on the Closing Date. If the Issuer acquires a Further Tranche during the Revolving Period, (1) to the extent amounts standing to the credit of

the Retained Principal Ledger are available and not used for the acquisition of the beneficial interest in any Additional Loan and/or Further Advance, such available funds will be used to fund the acquisition of such Further Tranche in an amount equal to the difference between the drawn amount and the committed amount under the Tranching Loan or (2) the Class Z VFN Holder shall be required to provide funding under the Class Z VFN in an amount equal to the difference between the drawn amount and the committed amount under the Tranching Loan.

The Tranching Loans Fund will be deposited in the Transaction Account with a corresponding credit recorded to the Tranching Loans Ledger. During the Revolving Period, any amounts held in the Tranching Loans Fund will be used first, to fund the acquisition of a Further Tranche on a Further Tranche Trust Date and second, to fund the acquisition of the beneficial interest in Additional Loans, if so offered by the Originator Trustee, or Further Advances (as applicable).

If the Tranching Loan Commitment lapses, the amounts credited to the Tranching Loan Ledger in relation to such Loan will be credited to the Retained Principal Ledger or returned to the Class Z VFN Holder (by way of redemption of the Class Z VFN in accordance with Condition 7.7 (*Redemption of the Class Z VFN following the lapse of a Tranching Loan Commitment*)) (and, for the avoidance of doubt, if returned to the Class Z VFN Holder, will not form part of Available Principal Receipts for the Issuer to distribute on the relevant Interest Payment Date).

Any credits or debits to the Tranching Loans Ledger will be netted off against credits or debits to the Retained Principal Ledger.

Application of Monies following redemption of the Notes in full

On any Optional Redemption Date (which is not an Interest Payment Date) on which the Notes are repaid or provided for in full, the Issuer (or the Cash Manager on its behalf) may, or if directed by the Originator Trustee, shall, apply all amounts standing to the credit of any Issuer Bank Account of the Issuer to repay any liabilities of the Issuer and to discharge all other amounts required to be paid by the Issuer in accordance with the order of priority set out in the Post-Enforcement Priority of Payments.

Application of Available Revenue Receipts prior to the occurrence of a Note Event of Default

On each relevant Interest Payment Date prior to the occurrence of a Note Event of Default, the Issuer (or the Cash Manager on its behalf), shall apply or provide for the application of the Available Revenue Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Pre-Enforcement Revenue Priority of Payments**):

- (a) *first*, to pay (or provide for any amounts) in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable to the Note Trustee and any Appointee prior to the immediately succeeding Interest Payment Date under the provisions of the Note Trust Deed and the other Transaction Documents together with (if payable) value added tax (**VAT**) thereon as provided therein; and

- (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable to the Security Trustee and any Appointee prior to the immediately succeeding Interest Payment Date under the provisions of the Issuer Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, to pay (or provide for any amounts), in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable to the Agent Bank and the Note Registrar prior to the immediately succeeding Interest Payment Date under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) any fees, costs, charges, liabilities and expenses then due and payable or to become due and payable to the Corporate Services Provider prior to the immediately succeeding Interest Period under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
 - (iii) any fees, costs, charges, liabilities and expenses then due and payable or to become due and payable to the EFGPB Account Bank prior to the immediately succeeding Interest Payment Date under the provisions of the EFGPB Bank Account Agreement, together with (if applicable) VAT thereon as provided therein;
 - (iv) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable to the Cash Manager prior to the immediately succeeding Interest Payment Date under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (v) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable to the Transaction Account Bank prior to the immediately succeeding Interest Payment Date under the provisions of the Transaction Account Agreement, together with VAT (if payable) thereon as provided therein; and
 - (vi) any amounts then due and payable by way of reimbursement to the Originator and Originator Trustee of reasonable legal expenses and costs (including any Irrecoverable VAT in respect thereof) incurred by the Originator and Originator Trustee as a result of legal proceedings participated in or joined by the Originator and Originator Trustee in accordance with the Originator Trust Deed which were necessary to protect, preserve and enforce the Originator's, Originator Trustee's or the Issuer's or the Security Trustee's title to or interest in any Loan or its Related Security subject to the Originator Trusts;
- (c) *third*, in or towards satisfaction 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 prior to the immediately following Interest Payment Date and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (f) below);

- (d) *fourth*, to pay (or provide for any amounts) in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any Servicing Fees then due and payable or to become due and payable to the Originator prior to the immediately succeeding Interest Period pursuant to the Originator Trust Deed, together with VAT (if payable) thereon as provided therein;
 - (ii) any fees, costs, charges, liabilities and expenses (other than Servicing Fees) then due and payable or to become due and payable to any Replacement Servicer prior to the immediately succeeding Interest Period under the provisions of any Replacement Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (iii) any fees, costs, charges, liabilities and expenses then due and payable or to become due and payable to any Servicing Delegate prior to the immediately succeeding Interest Period, together with VAT (if payable) thereon; and
 - (iv) if and when appointed, any fees, costs, charges, liabilities and expenses then due and payable to any portfolio agent appointed pursuant to the Originator Trust Deed, together with (if payable) VAT thereon as provided therein;
- (e) *fifth*, to pay, *pro rata* and *pari passu* according to the respective outstanding amounts thereof, interest due and payable on the Class A Notes;
- (f) *sixth*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer;
- (g) *seventh*, to credit (so long as any Class A Notes will remain outstanding following such Interest Payment Date) the Class A Principal Deficiency Ledger in an amount sufficient to arrive to a balance of zero (any such amounts to be applied in repayment of principal as Available Principal Receipts);
- (h) *eighth*, to the extent the Cash Reserve Fund has been funded following the Closing Date, prior to the earlier to occur of (i) an Early Amortisation Event and (ii) the end of the Revolving Period, to credit the Cash Reserve Fund Ledger up to the Cash Reserve Required Balance;
- (i) *ninth*, following to the earlier to occur of (i) an Early Amortisation Event and (ii) the end of the Revolving Period, any remaining amounts to be applied as Available Principal Receipts until the Class A Notes have been fully redeemed;
- (j) *tenth*, to credit the Class Z VFN Principal Deficiency Ledger in an amount sufficient to arrive to a balance of zero (any such amounts to be applied in repayment of principal as Available Principal Receipts);

- (k) *eleventh*, to provide for amounts due on the relevant Interest Payment Date to pay interest (including any Deferred Interest) due and payable on the Class Z VFN according to the respective Principal Amount Outstanding thereof;
- (l) *twelfth*, (so long as any Class A Notes will remain outstanding following such Interest Payment Date), if such Interest Payment Date falls within a Determination Period, then the excess (if any) to the Transaction Account to be applied as Available Revenue Receipts on the next following Interest Payment Date; and
- (m) *thirteenth*, to pay remaining amounts to the Originator as Deferred Consideration pursuant to the Originator Trust Deed.

Definition of Principal Receipts

Principal Receipts means (a) principal repayments under the Loans, (b) net recoveries of principal from defaulting Borrowers under Loans being enforced (including the net proceeds of sale of the relevant Property), (c) any payment pursuant to any insurance policy in respect of a Mortgaged Property in connection with a Loan in the Portfolio and (d) the proceeds of the re-acquisition of the beneficial interest in any Loan by the Originator (or an EFG Delegate) or the acquisition of the beneficial interest in any Loan by a third party from the Issuer pursuant to the Originator Trust Deed (other than any amount representing Accrued Interest).

Definition of Available Principal Receipts

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date (i) received by the Issuer during the immediately preceding Collection Period (minus (A) an amount equal to the aggregate of all Further Advance Trust Consideration paid by the Issuer in such Collection Period (but excluding from this deduction any Further Advance Trust Consideration paid out on a date that is also an Interest Payment Date), (B) an amount equal to the aggregate of all Further Advance Trust Consideration to be paid by the Issuer on that Interest Payment Date but in an aggregate amount not exceeding such Principal Receipts and (C) an amount equal to the aggregate of all amounts paid by way of consideration for the Issuer's beneficial interest in any Additional Loans or Tranched Loans which have been transferred to the Issuer pursuant to the terms of the Originator Trust Deed in such Collection Period (but excluding from this deduction any such amounts which are paid out on a date which is also an Interest Payment Date)) and (ii) received by the Issuer from the Originator or an EFG Delegate during the immediately preceding Collection Period in respect of any re-acquisitions or acquisitions of the beneficial interest in Loans that were re-acquired by the Originator or an EFG Delegate pursuant to the Originator Trust Deed;
- (b) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Ledger and/or the Class Z VFN Principal Deficiency Ledger is reduced;

- (c) any amounts deemed to be Available Principal Receipts in accordance with item (i) of the Pre-Enforcement Revenue Priority of Payments;
- (d) amounts released from the Retained Principal Ledger following the occurrence of an Early Amortisation Event or a Note Event of Default;
- (e) following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.9(c);
- (f) (in respect of the first Interest Payment Date only) the amount paid into the Transaction Account on the Closing Date from the excess of the proceeds of the Notes (excluding the proceeds of the Class Z VFN used to pay the initial expenses of the Issuer incurred in connection with the issue of the Notes on the Closing Date) over the Initial Consideration;

less

- (g) any amounts utilised to pay a Revenue Deficiency pursuant to item (h) of the definition of Available Revenue Receipts.

Application of Available Principal Receipts Prior to the occurrence of a Note Event of Default

Prior to the occurrence of a Note Event of Default, the Issuer (or the Cash Manager on its behalf) is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the **Pre-Enforcement Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of higher priority have been paid in full):

- (a) *first*, during the Revolving Period, to pay the consideration for the Issuer's beneficial interest in any Additional Loans or Further Tranche to be transferred to the Issuer pursuant to the terms of the Originator Trust Deed or (1) if no Additional Loans or Further Tranches are available for acquisition by the Issuer on such Interest Payment Date or (2) if there is an excess after paying such consideration, to credit the Retained Principal Ledger;
- (b) *second*, following the earlier to occur of (i) an Early Amortisation Event and (ii) the end of the Revolving Period, in or towards repayment of the principal amounts outstanding on the Class A Notes until the Class A Notes are fully repaid; and
- (c) *third*, in or towards repayment of the principal amounts outstanding on the Class Z VFN until the Principal Amount Outstanding of the subscription under the Class Z VFN used to fund the Current Balance of the Loans has been reduced to zero.

Distribution of Available Principal Receipts and Available Revenue Receipts following the occurrence of a Note Event of Default

Following the service of a Note Acceleration Notice (which has not been revoked) on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or a Receiver will apply amounts received or recovered following the service of a Note Acceleration Notice (including, for the avoidance of doubt, on enforcement of the Issuer Security) other than any amounts standing to the credit of the Issuer Profit Ledger or any Issuer Profit Amount (which such amounts shall be

used by the Issuer in or towards satisfaction of any amounts due and payable by the Issuer to third parties (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 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 required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (which such amounts shall be used for such purpose), in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Post-Enforcement Priority of Payments** and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the **Priority of Payments**):

- (a) *first*, to pay (or provide for any amounts) in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Note Trustee, Receiver and any Appointee under the provisions of the Note Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Security Trustee, any Receiver appointed by the Security Trustee and any Appointee under the provisions of the Issuer 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:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Agent Bank and the Note Registrar under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (ii) 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;
 - (iii) any fees, costs, charges, liabilities and expenses then due and payable to the EFGPB Account Bank under the provisions of the EFGPB Bank Account Agreement, together with (if payable) VAT thereon as provided therein;
 - (iv) 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 VAT (if payable) thereon as provided therein;
 - (v) any fees, costs, charges, liabilities and expenses then due and payable to the Transaction Account Bank under the provisions of the Transaction Account Agreement, together with VAT (if payable) thereon as provided therein; and
 - (vi) any amounts then due and payable by way of reimbursement to the Originator and Originator Trustee of reasonable legal expenses and costs (including any

Irrecoverable VAT in respect thereof) incurred by the Originator and Originator Trustee as a result of legal proceedings participated in or joined by the Originator and Originator Trustee in accordance with the Originator Trust Deed which were reasonably necessary to protect, preserve and enforce the Originator's, Originator Trustee's or the Issuer's or the Security Trustee's title to or interest in any Loan or its Related Security subject to the Originator Trusts;

- (c) *third*, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any Servicing Fees then due and payable to the Originator appointed pursuant to the Originator Trust Deed, together with VAT (if payable) thereon as provided therein;
 - (ii) any fees, costs, charges, liabilities and expenses (other than Servicing Fees) then due and payable to any Replacement Servicer under the provisions of any Replacement Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (iii) any fees, costs, charges, liabilities and expenses then due and payable or to become due and payable to any Servicing Delegate prior to the immediately succeeding Interest Period, together with VAT (if payable) thereon; and
 - (iv) if and when appointed, any fees, costs, charges, liabilities and expenses then due and payable to any portfolio agent appointed pursuant to the Originator Trust Deed, together with (if payable) VAT thereon as provided therein;
- (d) *fourth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof any interest and principal due and payable on the Class A Notes, until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (e) *fifth*, to pay according to the respective outstanding amounts thereof any interest and principal due and payable on the Class Z VFN until the Principal Amount Outstanding on the Class Z VFN has been reduced to zero;
- (f) *sixth*, to pay the Issuer the Issuer Profit Amount to be retained by the Issuer as profit in respect of the business of the Issuer; and
- (g) *seventh*, to pay any Deferred Consideration due and payable under the Originator Trust Deed to the Originator.

Part 12: The Loans

The Portfolio

Introduction

The following is a description of some of the characteristics of the Loans originated by the Originator and comprised in the Cut-Off Date Portfolio including details of loan types, the underwriting process and lending criteria. For selected statistical information on the Loans in the Cut-Off Date Portfolio, see “*Part 13: Characteristics of the Portfolio*”.

The Originator has selected the Loans for transfer into the 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 corresponding to, *inter alia*, relevant Loan Warranties that the Originator makes in the Originator Trust Deed in relation to the Loans (see “*Part 9: Summary of the Key Transaction Documents – Originator Trust Deed – Representations and Warranties*”). This system also allows a limit to be set on some criteria. Once the criteria have been determined, the system identifies all loans owned by the Originator that are consistent with the criteria. From this subset, loans are selected at random until the target balance for Loans has been reached, or the subset has been exhausted. After a pool of Loans is selected in this way, the constituent Loans are monitored to ensure their compliance with the Loan Warranties on the Closing Date.

Unless otherwise indicated, the description that follows relates to types of loans that have been transferred to the Issuer as part of the Portfolio as at the Closing Date.

Any Loans in which the beneficial interest is acquired by the Issuer on the First Trust Date has been selected from the Cut-Off Date Portfolio. In addition, the Originator may offer a Borrower under a Loan comprised in the Portfolio, or a Borrower may request, a Product Switch. If this occurs the Loan which is subject to a Product Switch may not be offered on standard mortgage conditions and may have originated according to different Lending Criteria. All Product Switches will be required to comply with the Portfolio Criteria set out in the Originator Trust Deed on their Product Switch Date. The material warranties in the Originator Trust Deed to be given as at the First Trust Date and the Portfolio Criteria and Loan Warranties which must be met on each Product Switch Date are described in these Listing Particulars. See “*Part 9: Summary of the Key Transaction Documents – Originator Trust Deed*”.

Characteristics of the Loans

Loans may combine one or more of the features listed in this section. Overpayments are allowed on all products, within certain limits. See “– (4) – *Overpayments*” and “– (7) *Further Tranches*” below.

(1) Repayment terms

Loans are repayable on one of the following bases:

- (a) **Interest-only Loan:** the Borrower makes periodic payments of interest but not of principal so that when the Loan matures, the entire principal amount of the Loan is still outstanding and is payable in one lump sum;

- (b) **Repayment Loan:** the Borrower makes periodic payments of both interest and principal so that, when the Loan matures, the full amount of the principal of the Loan will have been repaid; or
- (c) a combination of both these options.

In the case of either Interest-only Loans or Repayment Loans, the required accrued rate of interest on the Loans will vary from time to time as a result of changes in interest rates.

For Interest-only Loans, because the principal is repaid in a lump sum at the maturity of the loan, the Borrower is recommended to have a credible repayment strategy in place which is intended to provide sufficient funds 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 Loan, usually without payment of any Early Repayment Charges (as described under “– (3) *Early Repayment Charges*” below). A prepayment of the entire outstanding balance of a loan discharges the mortgage. Any prepayment in full must be made together with all Accrued Interest, Arrears of Interest, any unpaid expenses and any applicable repayment fee(s).

Interest on the Loans is debited to the Borrower’s current account with the Originator and various methods are available for Borrowers to credit funds to their current accounts with the Originator, including:

- direct account credit
- internal transfer
- inward transfer of funds (including by way of direct debit instruction or standing order from another bank or building society account)

(2) Interest payments and interest rate setting

Interest on the Loans is charged on one of the following bases and the Originator is able to combine these to suit the requirements of the Borrower:

- (a) **Floating Rate Loans**, which comprise 100% of all Loans in the Cut-Off Date Portfolio, are loans which are subject to an agreed margin over the London Inter Bank Offered Rate (**LIBOR**) rate for the currency of drawing, normally sterling, and for a relevant LIBOR period, normally 3 months. The relevant LIBOR rate is quoted daily. The Borrower may request, and it is at the Originator’s discretion to agree, a different LIBOR period.
- (b) **Fixed Rate Loans** are loans which are subject to a fixed rate of interest (inclusive of margin) for a specified period of time, usually for 2, 3 or 5 years.

All loans originated by the Originator provide for interest to be calculated on a daily basis. The interest calculated at the end of each day on the outstanding balance of the loan is debited to the Borrower’s current account at the end of the then current interest period (but where an interest period exceeds three months, interest is payable quarterly in arrears and on the last day of such interest period). Consequently any payment of principal by the Borrower will immediately reduce the Borrower’s balance on which interest will be calculated the following day.

(3) Early Repayment Charges

Although unusual the Borrower may be required to pay an early repayment charge (an **Early Repayment Charge**) if certain events occur during a pre-determined period and the Loan Agreement states that the Borrower is liable for Early Repayment Charges and the Originator has not waived or revised its policy with regards the payment of 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 any scheduled principal payments, is repaid before the end of the pre-determined period or the Borrower switches to another product, the Borrower may be liable to pay to the Originator a repayment fee based on the amount repaid or switched to another product. If the Borrower has more than one product attached to the mortgage loan, the Borrower may choose under which product the principal should be allocated.

If the Borrower repays its mortgage during an Early Repayment Charge period to move house, the Borrower may not be required to pay the charge if the Borrower takes out a new loan for the new home with the Originator, subject to certain qualifying criteria.

Most Loans do not include any provisions for the payment of an Early Repayment Charge by the Borrower.

(4) Overpayments

Overpayments are allowed on all products, although an Early Repayment Charge may be payable (as described in “– (3) *Early Repayment Charges*” above). Borrowers may make lump sum payments at any time.

Since interest is calculated on a daily basis, if Borrowers pay more than the scheduled periodic payment, 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.

(5) Further Advances

If a Borrower wishes to take out a further loan secured by the same mortgage the Borrower is required to make a further advance application and the Originator will use the lending criteria applicable to further advances at that time in determining whether to approve the application. The original mortgage is expressed to cover all amounts due under the relevant loan which would cover any Further Advances.

Some Loans in the Portfolio may have Further Advances made on them prior to their being transferred to the Issuer on the Closing Date.

If a Loan is subject to a Further Advance having been transferred to the Issuer, the Originator (or an EFG Delegate) will be required to re-acquire the Loan and its Related Security from the Issuer to the extent that the Issuer does not have sufficient funds from the Principal Ledger or from a drawing under the Class Z VFN to fund the purchase of such Further Advance.

See “*Part 9: Summary of the Key Transaction Documents –Originator Trust Deed – Further Advances, Product Switches and Further Tranches – Further Advances*”.

(6) Product Switches

From time to time, Borrowers may request or the Originator may send an offer of a variation in the financial terms and conditions applicable to the Borrower's loan. In limited circumstances, if a Loan is subject to a Product Switch as a result of a variation, then the Originator (or an EFG Delegate) may be required to repurchase the Loan or Loans and their Related Security from the Issuer.

See *"Part 9: Summary of the Key Transaction Documents – Originator Trust Deed – Further Advances, Product Switches and Further Tranches – Product Switches"*.

(7) Further Tranches

The Portfolio may include Loans which are not fully drawn by the Borrower. The beneficial interest in a Tranche Loan may be acquired by the Issuer (either on the First Trust Date or during the Revolving Period) provided the terms of such Loan state that the commitment of the Originator to advance the fully committed amount will lapse no later than 12 months after the Additional Trust Date on which the beneficial interest in such Tranche Loan was acquired by the Issuer (or in relation to Tranche Loans included in the Initial Portfolio, the First Trust Date).

See *"Part 9: Summary of the Key Transaction Documents – Originator Trust Deed – Further Advances, Product Switches and Further Tranches – Further Tranches"*.

Interest Rate Review

In respect of Floating Rate Loans, the terms and conditions of the Loans provide that the interest element of a Borrower's payments in respect of their mortgage will be linked to the relevant LIBOR rate applicable to the Loan on the first day of each interest period, irrespective of any LIBOR rate changes during such period. At the end of each interest period, the rate of interest applicable to the Loan will be reset to reflect the agreed margin over the relevant LIBOR rate for the next interest period and currency.

Origination channels

The Originator currently derives the majority of its mortgage-lending business via existing customers, introductions by existing customers or through a network of intermediaries throughout the United Kingdom (except for certain loan related features, such as Further Advances, which are originated directly by the Originator).

Once an application for a mortgage loan is received from a prospective new customer (through whichever origination channel) it is processed by the channel staff and the Originator's Credit Department. The details of the application are entered into the Originator's relevant computer system, and arrangements are made to obtain such references and/or other proof of income, valuation, survey or other evidence of value (if any and as appropriate) that may be required by the Originator under its lending policy. A mortgage offer may then be issued to the prospective new customer and instructions are despatched to the relevant solicitor or licensed conveyancer to investigate title and issue a report on the same to the Originator. Once a satisfactory certificate of title and valuation has been received (if appropriate) and no other matters in relation to the application are outstanding, mortgage funds can be released to the solicitor or licensed conveyancer.

The Originator is subject to the FSMA, MCOB (and other rules under the FSMA) and the Financial Ombudsman Service (which is a statutory scheme under the FSMA).

Underwriting

The underwriting approach of the Originator has changed over time. Loans in the Portfolio may have been originated in accordance with different underwriting criteria from those set out here, depending on their date of origination. The Originator currently adopts a tailored personal approach to lending assessment. This assessment is made with reference to a number of components including:

- (a) affordability: calculation of an individualised lending amount that reflects the applicant's income net of tax, credit commitments and assumed living expenses, which vary according to income, number of applicants and dependents. However some older Loans in the Portfolio will not take specific account of credit commitments and assumed living expenses;
- (b) credit policy: assessment of credit risk will take into consideration the Originator's credit policies from time to time including general lending criteria and additional credit criteria specific to residential property lending;
- (c) wealth: calculation of an individualised lending amount that reflects the applicant's assets and liabilities, such knowledge of a customer's wealth being through extensive due diligence and independent verification to the extent necessary to support the credit assessment;
- (d) LTV: calculation of an individualised lending amount is restricted by conservative typical guideline LTV ratios of between 50% - 60%; and
- (e) relationship: assessment of credit risk will factor in the length of an existing relationship with a customer (in a credit capacity or otherwise) and the wider business relationship which the Originator has or is expected to have with the Borrower in terms of deposits, investment management, custody or administrative services.

The lending process is supported by a structure which requires almost all loans to be agreed by a quorum, voting unanimously, of Credit Committee members of the Originator (**Credit Committee**).

There is a Delegated Lending Mandate (**DLM**) structure for smaller loans which meet certain pre-determined quality criteria, where such loans can be approved by two senior individuals with appropriate experience in loan underwriting, but typically DLM approvals account for less than 10% of all loan approvals. It is possible that some of the smaller Loans in the Portfolio may have been approved under the DLM. Mortgage underwriting decisions under DLM, are subject to internal monitoring by the Credit Committee in order to ensure the Originator's procedures and policies regarding underwriting are being followed by staff.

Loans are not approved under any automated or credit scoring process, and thus there is no systemic ability to override an automated credit decision.

Lending Criteria

On the Closing Date, the Originator has represented that each Loan being transferred to the Issuer was originated according to the lending criteria of the Originator at the time the Loan was offered (the **Lending Criteria**), in all material respects, subject only to exceptions made on a case-by-case basis as would be acceptable to a Reasonable Prudent Mortgage Lender. The Originator retains the right to revise its lending criteria from time to time, so the criteria applicable to any Additional Loans or any Loans which are the subject of a Further Advance, Product Switch or a Further Tranche may not be the same as those currently used or used at the time of the Initial Advance in relation to such Loan.

The summary below reflects the lending criteria applied for originations between 2008 and the date of these Listing Particulars.

(1) *Type of property*

Properties may be either freehold or leasehold. In the case of leasehold properties, there must be at least 60 years remaining on the lease on inception of the mortgage unless the remaining lease term is consistent with similar local properties and the remaining length of the lease is taken into account in the valuation. The property must be used or approved for use as a residential dwelling, although second homes, holiday homes and residential investment properties are considered. Properties must be of good quality, in sound structural condition and in a reasonable state of repair. House boats, mobile homes, and any property on which buildings insurance cannot be arranged are not acceptable. All persons who are (or are to be) legal owners of the property on completion must be named as either Borrower or guarantor of a Borrower (where applicable) under the Loan.

All properties have been valued by a valuer approved by the Originator. Further Advances may (but will not in all circumstances) have been assessed using a further full valuation of the property, or at least by reference to an updated desktop valuation of the property. HPI Statistics or other evidence, including the relevant Borrower's estimate of value, are not measures which are accepted by the Originator.

A Loan or series of Loans to a single Borrower may be secured on one or more properties which meet the Originator's eligibility criteria, but where a series of Loans are made to a single Borrower all security will be held on a fully cross collateralised basis.

(2) *Term of loan*

The minimum term of a loan is generally one year for new loans. The maximum term for residential loans is generally 5 years. A repayment period for a Further Advance that would extend beyond the term of the original advance may also be accepted at the Originator's discretion. However, Further Advances may only be transferred to the Issuer subject to the Portfolio Criteria being met on the relevant Further Advance Trust Date.

(3) *Details of applicant*

All Borrowers must be aged 18 or over and the mortgage term must normally end before the Borrower reaches 75 unless the Originator determines that the Borrower will be able to afford the

mortgage beyond this age. If the Originator determines the Borrower will not be able to afford the mortgage into retirement, the application will be declined.

All Borrowers must be first approved as customers of the Originator which will undertake extensive due diligence, know your Customer, Source of Wealth and Anti Money Laundering investigations into the customer.

(4) Loan-to-value (or LTV) ratio

Normally, the maximum original LTV ratio of loans in the Portfolio would be 67%. Where fees were added to the loan, the total amount lent would have to remain within the specified LTV limit.

The LTV ratio which the Originator applies to a property is governed by internal policy guidelines which consider the location and value of the property concerned. In general terms the less prime the location the lower the LTV ratio. Within each general area of location, the higher the value of the property the lower the LTV ratio. Further adjustment may be made by Credit Committee to the LTV ratio depending on the condition of the property and other factors affecting the overall assessed credit risk represented by the transaction.

When the Originator makes a loan on a property which requires repairs, the property is either valued on a "when done" basis and the loan retained until works have been completed, or if the property is acceptable security in its existing condition, it may be valued on that basis and the loan released prior to works commencing.

(5) Credit history

The current policy is as follows:

Credit search:

A credit search is carried out in respect of all new customers with a bureau of the Originator's choice at a level of the Originator's choice, as part of the due diligence undertaken before approval of that person as a customer.

A bankruptcy search is carried out in respect of all legal owners of a property when the property is initially charged to the Originator as security for a loan.

Existing lender's reference:

Any reference must satisfy the Originator that the account has been properly conducted and that no history of material arrears exists.

(6) Bank reference/Proof of income

Subject to certain exceptions applied by the Originator acting as a Reasonable Prudent Mortgage Lender in accordance with the Originator's practice and procedures from time to time, the Originator will seek and review satisfactory bank statements and references from existing or previous lenders. Additionally, under the current policy, the Originator may require applicants to produce tax returns or other appropriate documentation to prove income received. Sometimes a reference or confirmation of income and/or wealth from a qualified accountant will be obtained.

(7) Scorecard

Under the current policy, the Originator does not use any automated credit scoring or scorecard model. All lending decisions are taken under a tailored, individual approach with approval by Credit Committee or under the DLM.

Changes to the underwriting policies and the Lending Criteria

The Originator's underwriting policies and Lending Criteria were and are subject to change within the Originator's sole discretion. Loans were and are originated in some cases by way of exception to the lending criteria where the Originator determined that the exception would have been acceptable to a Reasonable Prudent Mortgage Lender. Further Advances, Product Switches and Further Tranches that are originated under Lending Criteria that are different from the criteria set out here may be transferred to the Issuer.

Insurance policies

(1) Insurance on the property

Each mortgaged property is required to be insured with buildings insurance. The property may be insured by the Originator at the expense of the Borrower or, the insurance may be purchased by the Borrower or (in the case of leasehold property) by a landlord or by a property management company. If the Originator becomes aware that no adequate insurance is in place, it has the power to arrange insurance on the property and charge the premiums for this to the Borrower's mortgage account.

Whilst it is a condition of the Mortgage Deed in relation to each Loan that the mortgagor insures all Mortgaged Property, the Originator does not as a matter of course monitor whether each property remains insured for so long as the Loan is outstanding.

Subject as set out above, the Originator itself only insures a property once it has repossessed the property from a defaulting Borrower. See “– (3) *Properties in possession cover*” below.

(2) Borrower-arranged buildings insurance

The Originator requires that a Borrower maintains home insurance for the duration of the mortgage but the Originator does not verify if such insurance is in place at the time when the mortgage commences.

(3) Properties in possession cover

When a mortgaged property is taken into possession by the Originator, the Originator takes the necessary actions to ensure that appropriate insurance cover is provided on the property. The Originator may claim under this policy for any damage occurring to the property while in the Originator's possession.

(4) Title and Search insurance

Search insurance is obtained in some instances on remortgage cases, in these instances a solicitor does not undertake a local search.

Title insurance is obtained in respect of certain limited title defects (e.g. restrictive covenants, absence of rights of way) from all solicitors on new mortgages and remortgages. An investigation of title is always undertaken and insurance obtained if an investigation of title has taken place and a defect discovered.

Interest Rate Setting Policy

Any interest rates on Loans which may be varied from time to time in the discretion of the lender thereunder should be set in accordance with any applicable statement of good practice of the UK Regulator or any other requirements or recommendations of the UK Regulator with which it is customary to comply.

Any increases to interest rates applicable to the Loans shall be notified to the Borrowers through a written notice sent by post or another procedure permitted under the relevant Mortgage Conditions.

Complaints Policy

All complaints from Borrowers should be handled promptly and in a considerate, consistent, fair and appropriate manner in accordance with the UK Regulator's guidelines applicable to institutions regulated by the UK Regulator. A complaint for these purposes is any expression of dissatisfaction, whether oral or written and whether justified or not, from or on behalf of a Borrower about that firm's provision of financial service.

Arrears policy

The Originator identifies a Loan as being in Arrears when the amounts which were due on a previous interest payment date remain unpaid for in excess of one calendar month.

The Originator will attempt to contact the Borrower initially by telephone, email or by letter to advise the Borrower of the Arrears. Further efforts to contact the Borrower will be made at appropriate intervals if such payments remain unpaid. The Originator may, at its discretion, upon establishing the Borrower's circumstances offer options specifically tailored to return the account to order. These options may include temporary excess approval, loan modification or temporary concessionary payment. Where a satisfactory arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Originator to enforce its security.

Governing law

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

Part 13: Characteristics of the Portfolio

The statistical and other information contained in these Listing Particulars has largely been compiled by reference to certain Loans in a portfolio as at the Cut-Off Date (the **Cut-Off Date Portfolio**). The Cut-Off Date Portfolio information has been prepared by the Originator.

The Cut-Off Date Portfolio will consist of 251 Loans originated by the Originator and secured over properties located in England. The Current Balance of the Cut-off Date Portfolio (including the full approved balance of any Tranching Loans in the Portfolio) is £352,646,655.05. Columns may not add up to 100 per cent. due to rounding. Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Cut-Off Date, which includes all principal of the Loans in the Portfolio.

Mortgage Accounts means the totality of the relevant loans granted by the Originator secured on the same Property or Properties and their related security.

Sub-Accounts means the individual relevant loans granted by the Originator secured on the same Property or Properties and their related security.

Current Balance as at the Cut-Off Date – per Borrower

The following table shows the range of Mortgage Account Current Balances (including arrangement fees, legal fees and valuation fees (to the extent that they have been capitalised within each Loan and not separately paid by the Borrower) and incorporating all Loans secured on the same Property or Properties) as at the Cut-Off Date per Borrower.

Range in GBP	Current Principal Balance (£)	% of Total	Number of Borrowers	% of Total
<=£1,000,000	£54,142,513.69	15.35%	75	36.06%
>£1,000,000 <=£2,500,000	£153,018,180.76	43.39%	92	44.23%
>£2,500,000 <=£5,000,000	£128,336,654.09	36.39%	38	18.27%
>£5,000,000 <=£7,500,000	£17,149,306.51	4.86%	3	1.44%
Total	£352,646,655.05	100.00%	208	100.00%

Breakdown by Original LTV

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of Loans (including arrangement fees, legal fees and valuation fees) in the Mortgage Accounts (which incorporate all Loans secured on the same Property or Properties) as at the Cut-Off Date divided by the relative weighted value of the Property or Properties securing the Loans in the Mortgage Account as at that date. The Originator may have revalued some of the mortgaged properties since the date of the origination of the related Loan, particularly where additional lending has been applied for or advanced, and in certain product switch and re-arrangement application cases (where such case is completed or not). In these cases the original valuation may have been updated with a more recent valuation. Where a more recent valuation has been obtained, the revised valuation has been used in formulating this data.

Range of Original Unindexed LTV	Current Principal Balance (£)	% of Total	Number of Borrowers	% of Total
<=20.00%	£5,812,274.89	1.65%	6	2.88%
> 20.00% and <= 30.00%	£22,128,690.35	6.28%	18	8.65%
> 30.00% and <= 40.00%	£43,687,344.55	12.39%	30	14.42%
> 40.00% and <= 50.00%	£82,633,200.81	23.43%	44	21.15%
> 50.00% and <= 60.00%	£189,964,144.45	53.87%	106	50.96%
> 60.00% and <= 70.00%	£8,421,000.00	2.39%	4	1.92%
Total	£352,646,655.05	100.00%	208	100.00%

The weighted average current LTV ratio as at the Cut-Off Date of the Loans in the Cut-Off Date Portfolio is 49.68 per cent.

Breakdown by Current Indexed LTV

The following table shows the range of LTV ratios, which express the outstanding balance of the aggregate of Loans (including arrangement fees, legal fees and valuation fees) in the Mortgage Accounts (which incorporate all Loans secured on the same Property or Properties) as at the Cut-Off Date divided by the relative indexed valuation of the Property or Properties securing the Loans in the Mortgage Account as at that date.

Range of Current Indexed LTV	Aggregate Current Balance	% of Total	Number of Borrowers	% of Total
<= 20.00%	£18,306,715.24	5.19%	18	8.65%
> 20.00% and <= 30.00%	£34,718,205.97	9.85%	26	12.50%
> 30.00% and <= 40.00%	£75,393,673.87	21.38%	47	22.60%
> 40.00% and <= 50.00%	£132,452,609.97	37.56%	64	30.77%
> 50.00% and <= 60.00%	£88,455,450.00	25.08%	50	24.04%
> 60.00% and <= 70.00%	£3,320,000.00	0.94%	3	1.44%
Total	£352,646,655.05	100.00%	208	100.00%

The weighted average current indexed Loan to Value Ratio as at the Cut-Off Date of the Loans in the Cut-Off Date Portfolio is 42.04 per cent.

Geographical Distribution

The following table shows the distribution of Properties securing the Loans as at the Cut-Off Date.

Region	Aggregate unindexed property value (£)	% of Total	Aggregate indexed property value (£)	% of Total	Number of Properties	% of Total
London Prime Central	£254,145,000	32.86%	£307,526,157	32.71%	79	27.15%
London Prime W Central	£133,055,000	17.20%	£165,367,005	17.59%	47	16.15%
London Prime N Central	£94,159,000	12.17%	£115,065,159	12.24%	33	11.34%
London Prime S Central	£41,360,000	5.35%	£48,796,651	5.19%	17	5.84%
London West End Other	£13,495,000	1.74%	£13,838,178	1.47%	4	1.37%
London West	£28,476,000	3.68%	£37,542,807	3.99%	12	4.12%
London South West	£24,700,000	3.19%	£31,795,008	3.38%	6	2.06%
London North West	£37,796,000	4.89%	£42,854,190	4.56%	23	7.90%
London North	£38,146,000	4.93%	£45,740,608	4.87%	17	5.84%
London South East	£9,390,000	1.21%	£14,187,248	1.51%	5	1.72%
London East	£8,200,000	1.06%	£8,352,116	0.89%	1	0.34%
Home Counties	£58,895,000	7.61%	£68,233,436	7.26%	21	7.22%
Southern England	£25,158,000	3.25%	£32,633,344	3.47%	20	6.87%
Western England	£3,040,000	0.39%	£3,504,755	0.37%	2	0.69%
Midlands	£3,500,000	0.45%	£4,581,402	0.49%	4	1.37%
Total	£773,515,000	100.00%	£940,018,064	100.00%	291	100.00%

Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at the Cut-Off Date and are calculated with respect to the initial advance.

Seasoning (months)	Current Principal Balance (£)	% of Total	Number of Loans	% of Total
<=12 months	£4,880,000.00	1.38%	4	1.59%
>12 months <=24 months	£53,384,330.09	15.14%	37	14.74%
>24 months <=36 months	£57,521,074.00	16.31%	40	15.94%
>36 months <=48 months	£93,579,023.21	26.54%	64	25.50%
>48 months <=60 months	£74,506,095.96	21.13%	50	19.92%
>60 months <=72 months	£33,822,035.37	9.59%	27	10.76%
>72 months <=84 months	£12,447,999.99	3.53%	12	4.78%
>84 months <=120 months	£22,506,096.43	6.38%	17	6.77%
Total	£352,646,655.05	100.00%	251	100.00%

The weighted average seasoning of Loans in the Cut-Off Date Portfolio as at the Cut-Off Date is 45.62 months.

Remaining Term to Maturity of Loans

The following table shows the number of remaining months of the term of the Loans as at the Cut-Off Date and are calculated with respect to the current maturity date of each Loan.

Months to Maturity	Current Principal Balance	% of Total	Number of Loans	% of Total
<= 12 months	£109,688,407.09	31.10%	77	30.68%
> 12 months and <= 24 months	£81,923,247.41	23.23%	67	26.69%
> 24 months and <= 36 months	£62,786,806.51	17.80%	39	15.54%
> 36 months and <= 48 months	£66,799,294.67	18.94%	47	18.73%
> 48 months and <= 60 months	£31,448,899.37	8.92%	21	8.37%
Total	£352,646,655.05	100.00%	251	100.00%

The weighted average remaining term of the Loans in the Cut-Off Date Portfolio as at the Cut-Off Date is 23.60 months.

Original Term

The following table shows the original term of the Loans as at the Cut-Off Date and is calculated with respect to the current maturity date of each Loan.

Months	Current Principal Balance (£)	% of Total	Number of Loans	% of Total
>12 months <=24 months	£1,150,000.00	0.33%	2	0.80%
>24 months <=36 months	£14,755,000.00	4.18%	11	4.38%
>36 months <=48 months	£16,376,094.30	4.64%	15	5.98%
>48 months <=60 months	£46,339,000.00	13.14%	34	13.55%
>60 months <=72 months	£177,401,548.45	50.31%	119	47.41%
>72 months <=84 months	£23,806,806.50	6.75%	12	4.78%

>84 months <=120 months	£54,930,015.85	15.58%	42	16.73%
>120 months	£17,888,189.95	5.07%	16	6.37%
Total	£352,646,655.05	100.00%	251	100.00%

Product Types

The following table shows the distribution of loan rate types as at the Cut-Off Date.

Product Type	Current Principal Balance (£)	% of Total	Number of Sub-Accounts	% of Total
Floating Rate Loans	£352,646,655.05	100.00%	256	100.00%
Total	£352,646,655.05	100.00%	256	100.00%

Concentration by Borrower

The following table shows the concentration of Loans by borrower, including the total concentration for the top ten borrowers as at the Cut-Off Date.

Top Borrowers	Current Principal Balance (£)	% of Total	Number of Borrowers	% of Total
1	£6,934,306.51	1.97%	1	0.48%
2	£5,115,000.00	1.45%	1	0.48%
3	£5,100,000.00	1.45%	1	0.48%
4	£5,000,000.00	1.42%	1	0.48%
5	£5,000,000.00	1.42%	1	0.48%
6	£4,923,000.00	1.40%	1	0.48%
7	£4,787,500.00	1.36%	1	0.48%
8	£4,500,000.00	1.28%	1	0.48%
9	£4,118,000.00	1.17%	1	0.48%
10	£4,087,500.00	1.16%	1	0.48%
Top 10 Total	£49,565,306.51	14.06%	10	4.81%
Others	£303,081,348.54	85.94%	198	95.19%
Total	£352,646,655.05	100.00%	208	100.00%

Part 14: Transfer Restrictions

Each purchaser of the Notes will be deemed to have represented and agreed as follows:

- (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 to a purchaser who is not a U.S. person (as defined in Regulation S under the Securities Act) 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 in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (b) such purchaser shall notify each transferee of Notes 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; and
- (c) the Issuer and the Note Registrar will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Part 15: General information

Listing

Application has been made to list Notes issued under the Notes Listing on the Official List of the Exchange.

Authorisations

The Notes Listing was authorised by the Board of Directors of the Issuer on 17 October 2017. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the No Change Issue and performance of the Notes.

The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 24 August 2017.

Litigation

There are no litigation or arbitration proceedings against or affecting the Issuer or any of its assets or revenues, nor is the Issuer aware of any pending or threatened proceedings of such kind, which may have or have had since 21 August 2017 (being the date of incorporation of the Issuer) a significant effect on the Issuer's financial position.

There are no litigation or arbitration proceedings against or affecting Holdings or any of its assets or revenues, nor is Holdings aware of any pending or threatened proceedings of such kind, which may have or have had since 18 August 2017 (being the date of incorporation of Holdings) a significant effect on Holdings' financial position.

No significant change

Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.

Since 21 August 2017 (being the date of incorporation of the Issuer) in respect of the Issuer and since 18 August 2017 (being the date of incorporation of Holdings) in respect of Holdings, there has been (a) no material adverse change to the Issuer, Holdings, their group structure or their business or accounting policies or in the financial or trading position of the Issuer or Holdings.

Documents available for inspection

Copies of the following documents may be inspected during normal business hours at the specified office of the Issuer for a period of fourteen (14) days from the date of the Notes Listing, namely:

- (a) the Memorandum and Articles of Association of each of the Issuer and Holdings;
- (b) these Listing Particulars;
- (c) the Agency Agreement;
- (d) the Note Trust Deed;

- (e) the Issuer Deed of Charge;
- (f) the Cash Management Agreement;
- (g) the Master Definitions and Construction Schedule;
- (h) the Originator Trust Deed;
- (i) the Originator Power of Attorney;
- (j) the Corporate Services Agreement;
- (k) the EFGPB Bank Account Agreement; and
- (l) the Transaction Account Agreement.

For so long as the Notes Listing remains in effect or any Notes shall be outstanding, copies of the above-listed documents may be inspected during normal business hours at the specified office of the Issuer by the Noteholders, by persons in respect of whom the Issuer has confirmed in writing that it has issued Notes or by persons in respect of whom the Noteholders have confirmed in writing that they propose to transfer Notes.

The Cash Manager on behalf of the Issuer will publish the quarterly Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio. Such Investor Reports will be published on the Cash Manager's website. The website and the contents thereof do not form part of these Listing Particulars. Investor Reports will also be made available to the Originator Trustee. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.

Listing Document

The Listing Particulars are the only document forming the Listing Document for the purposes of the application for the Notes Listing.

Material contracts or documents

The dates of, and parties to, all material contracts relevant to the Notes, together with a summary of the principal contents of such contracts is set out in "*Part 9: Summary of the Key Transaction Documents*".

Financial statements available

For so long as the Notes Listing remains in effect or any Notes shall be outstanding, copies of the most recent publicly available audited annual financial statements of the Issuer prepared in accordance with the Companies Act 2006 and UK GAAP may be obtained during normal business hours at the specified office of the Issuer. The Issuer does not publish interim accounts.

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Issuer

Chestnut II Mortgage Financing PLC
35 Great St. Helen's
London EC3A 6AP

Originator, Servicer, Originator Trustee and Account Bank

EFG Private Bank Limited
Leconfield House, Curzon Street
London W1J 5JB

Cash Manager, Note Registrar, Agent Bank and Transaction Account Bank

Elavon Financial Services D.A.C., UK Branch
Fifth Floor
125 Old Broad Street
London EC2N 1AR

Note Trustee and Security Trustee

U.S. Bank Trustees Limited
Fifth Floor
125 Old Broad Street
London EC2N 1AR

Legal advisors to EFG Private Bank in its various capacities

Morgan, Lewis & Bockius UK LLP
Condor House,
5-10 St. Paul's Churchyard,
London EC4M 8AL

Legal Advisers to the Note Trustee and the Security Trustee

K&L Gates LLP
One New Change
London EC4M 9AF

Auditors of the Issuer

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Listing agent

Ogier Corporate Finance Limited
44 Esplanade
St Helier
Jersey JE4 9WG