

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW).

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS. YOU ACKNOWLEDGE THAT YOU WILL NOT FORWARD THIS ELECTRONIC FORM OF THE PROSPECTUS TO ANY OTHER PERSON.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY, STATE OF THE U.S. OR OTHER JURISDICTION AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A OF THE SECURITIES ACT) IN RELIANCE ON RULE 144A OF THE SECURITIES ACT.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE PROSPECTUS FOLLOWING THIS PAGE HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT, NOR ARE YOU AUTHORISED TO, DELIVER THE PROSPECTUS TO ANY OTHER PERSON. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREED TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE EITHER (I) NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS E-MAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES OR ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR (II) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN EACH CASE ACTING FOR YOUR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLES 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Hawksmoor Mortgage Funding 2019-1 PLC, the Arranger, the Joint Lead Managers (as defined herein) nor any

person who controls any of them respectively (nor any director, officer, employee or agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between this Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Joint Lead Managers. This Prospectus has been prepared by the Issuer solely for use in connection with the sale of the Notes described herein. The VRR Loan Note is not being offered pursuant to this Prospectus. This Prospectus is personal to each offeree to whom it has been delivered by the Issuer and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. The Notes are offered subject to prior sale or withdrawal, cancellation or modification without notice. The Issuer, Arranger, the Joint Lead Managers and the Sponsors also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Notes sought by such investor. You acknowledge that you have been afforded an opportunity to request from the Issuer, and have received and reviewed, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this Prospectus. You also acknowledge that you have not relied on the Arranger, the Joint Lead Managers or the Sponsors or any person affiliated with the Arranger or the Joint Lead Managers or the Sponsors in connection with the investigation of the accuracy of such information or your investment decision. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective purchaser should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes. This Prospectus summarises documents and other information in a manner that does not purport to be complete, and these summaries are subject to, and qualified in their entirety by reference to, all of the provisions of such documents. In making an investment decision, you must rely on your own examination of these documents (copies of which are available from the Issuer, Arranger or the Joint Lead Managers upon request), the Issuer and the terms of the offering and the Notes, including the merits and risks involved.

No representation or warranty is made by the Arranger, the Joint Lead Managers, the Issuer, the Sponsors or any other person as to the legality under legal investment or similar laws of an investment in the Notes or the classification or treatment of the Notes under any risk-weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of the National Association of Insurance Commissioners, any state insurance commissioner, any federal or state banking authority, or any other regulatory body. You should obtain your own legal, accounting, tax and financial advice as to the desirability of an investment in the Notes, and the consequences of such an investment.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States, and the Notes may not be offered or sold (i) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Reg S**")) except to persons that are "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or (ii) in transactions that occur outside the United States except to persons other than U.S. persons in accordance with Reg S (the Notes offered to persons outside the US other than US Persons under Reg S, the "**Reg S Notes**") and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes will be subject to restrictions on resale and transfer. See "*Purchase and Sale*".

HAWKSMOOR MORTGAGE FUNDING 2019-1 PLC

(Incorporated under the laws of England and Wales under registered number 12069566)

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate on Notes	Relevant Margin prior to Step-Up Date (August 2022)	Relevant Margin following Step-Up Date (August 2022)	Final Maturity Date	Ratings Moody's/ S&P
A	£1,935,215,000	100%	Compounded Daily SONIA	1.05% per annum	1.58% per annum	May 2053	Aaa(sf)/AAA(sf)
B	£141,171,000	100%	Compounded Daily SONIA	1.75% per annum	2.63% per annum	May 2053	Aa3(sf)/AA+(sf)
C	£64,703,000	100%	Compounded Daily SONIA	2.10% per annum	3.10% per annum	May 2053	Baa1(sf)/AA(sf)
D	£21,176,000	100%	Compounded Daily SONIA	2.50% per annum	3.50% per annum	May 2053	Ba1(sf)/AA-(sf)
E	£42,351,000	100%	Compounded Daily SONIA	3.50% per annum	4.50% per annum	May 2053	B2(sf)/ A(sf)
F	£42,351,000	100%	Compounded Daily SONIA	3.50% per annum	4.50% per annum	May 2053	Caa2(sf)/ BBB+(sf)
G	£23,528,000	100%	Compounded Daily SONIA	3.50% per annum	4.50% per annum	May 2053	Ca(sf)/BBB-(sf)
H	£82,350,000	51.43%	N/A	N/A	N/A	May 2053	N/A
X	£28,236,000	100%	Compounded Daily SONIA	4.50% per annum	4.50% per annum	May 2053	N/A
Z1	£15,293,000	100%	Compounded Daily SONIA	6.00% per annum	7.00% per annum	May 2053	N/A
Z2	£9,411,000	100%	N/A	N/A	N/A	May 2053	N/A
S Certificate	N/A	N/A	Class S Payment	N/A	N/A	N/A	N/A
R Certificate	N/A	N/A	Residual Payment	N/A	N/A	N/A	N/A
VRR Loan Note	£126,621,000	98.34%	VRR Payment Amounts	N/A	N/A	May 2053	N/A

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States, and the Notes may not be offered or sold (i) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Reg S**")) except to persons that are "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or (ii) in transactions that occur outside the United States except to persons other than U.S. persons in accordance with Reg S (the Notes offered to persons outside the US other than US Persons under Reg S, the "**Reg S Notes**") and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on offers, sales and transfers of Notes in this Prospectus, see "**Purchase and Sale**".

The date of this Prospectus is 23 August 2019

Arranger

Credit Suisse

Joint Lead Managers

BofA Merrill Lynch

Credit Suisse

Issue Date

The Issuer expects to issue the Notes, the Certificates and the VRR Loan Note in the classes set out above on 27 August 2019 (the "**Issue Date**").

Underlying Assets

The Issuer will make payments on the Notes and the Certificates and the VRR Loan Note, from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans secured over residential properties located in England, Wales, Scotland and Northern Ireland (the "**Mortgage Pool**") which will be purchased by the Issuer from Clearwater Seller Limited (the "**Seller**") on the Issue Date. The Seller acquired the Loans and their Related Security pursuant to the exercise of portfolio call options pursuant to a deed poll in relation to each of the Hawksmoor Mortgages 2016-1 and Hawksmoor Mortgages 2016-2 transactions. The Seller acquired the right to exercise the portfolio call options on acquisition of the residual certificates in the Hawksmoor Mortgages 2016-1 and Hawksmoor Mortgages 2016-2 transactions pursuant to an assignment and indemnity agreement entered into with Junglinster S.á r.l. ("**Junglinster**") (the "**Assignment and Indemnity Agreement**").

The Seller also acquired the Additional Loans comprised in the Mortgage Pool from Junglinster (as "**Additional Loan Seller**") pursuant to the terms of a mortgage sale agreement (the "**Additional Loans Mortgage Sale Agreement**")

Please refer to the section entitled "*Constitution of the Mortgage Pool – The Mortgage Pool*" for further information.

Credit Enhancement

- Amounts standing to the credit of the Non-Liquidity Reserve Fund Ledger to support the Senior Notes, the VRR Loan Note and the S Certificates;
- Any Available Revenue Funds in excess of senior costs; interest due on and remedying any Principal Deficiency on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and (in respect of Principal Deficiency only) the H Notes and corresponding amounts in respect of the VRR Loan Note; and certain amounts credited to the Liquidity Reserve Fund ("**Excess Spread**") (if any); and
- The subordination of junior ranking Notes upon enforcement.

Please refer to the section entitled "*Credit Structure*" for further information.

Liquidity Support

- Amounts standing to the credit of the Liquidity Reserve Fund Ledger to make up any Revenue Shortfall in respect of the A Notes, the S Certificates and corresponding amounts in respect of the VRR Loan Note;
- Amounts standing to the credit of the Non-Liquidity Reserve Fund Ledger to make up any Interest Shortfall in respect of the Senior Notes, the S Certificates and

corresponding amounts in respect of the VRR Loan Note;

- Available Principal Funds applied to make up any Revenue Shortfall in respect of the A Notes, the S Certificates and corresponding amounts in respect of the VRR Loan Note; and
- Available Principal Funds applied to make up any Interest Shortfall in respect of the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes (in each case, subject to such Notes being the Most Senior Class) and corresponding amounts in respect of the VRR Loan Note.

Please refer to the section entitled "*Credit Structure*" for further information.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised in the section entitled "*Transaction Overview – Terms and Conditions of the Notes, the VRR Loan Note and the Certificates – Redemption*" and set out in full in Note Condition 5 (*Redemption*).

Credit Rating Agencies

In general, European regulated investors as outlined in Article 4(1) of the CRA Regulation are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Each of Moody's and S&P is a credit rating agency established in the European Union (the "EU") and is registered under Regulation (EU) No 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation.

Any credit rating assigned to a Class of Notes may be revised, suspended or withdrawn at any time. Certain nationally recognised statistical rating organisations ("**NRSROs**"), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), that were not hired by the Issuer may use information they receive pursuant to Rule 17g-5 under the Exchange Act (Rule 17g-5) to rate the notes. No assurance can be given as to what ratings a non-hired NRSRO would assign. The Rating Agencies have informed the Issuer that the "sf" designation in the ratings represents an identifier of structured finance product ratings and was implemented by the Rating Agencies for ratings of structured finance products as of August 2010.

Credit Ratings

Ratings are expected to be assigned to the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes (together the "**Rated Notes**") as set out above on or before

the Issue Date.

Ratings are expected to be assigned to the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes by Moody's and S&P.

The ratings assigned by the Rating Agencies address, *inter alia*:

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

The assignment of ratings to the Rated Notes is not a recommendation to invest in the Rated Notes. Any credit rating assigned to the Rated Notes may be revised or withdrawn at any time.

Listing

This document comprises a prospectus (the "**Prospectus**"), for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). This Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU ("**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the Official List (the "**Official List**") and trading on the regulated market of Euronext Dublin. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on Euronext Dublin's regulated market.

This Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the of the Issuer or of the quality of the securities that are subject of this Prospectus.

Investors should make their own assessment as to the suitability of investing in the securities.

The Certificates and the VRR Loan Note will not be listed or admitted to trading.

This Prospectus is valid for 12 months from its date in relation to the Notes which are to be admitted to trading on the regulated market of Euronext Dublin. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply, once the Notes are admitted to trading on the regulated market of Euronext Dublin.

Obligations

The Notes and the Certificates, and the VRR Loan Note will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity.

Definitions

Please refer to the section entitled "*Glossary of Defined Terms*" for definitions of certain defined terms. A full index of defined terms is set out in the section entitled "*Index of Defined Terms*".

EU Retention Undertaking

Credit Suisse International (the "**Retention Holder**"), as originator, will undertake to the Issuer and the Trustee, on behalf of the Noteholders, that it will on an ongoing basis retain a material net economic interest of not less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors as required by Article 6(1) and Article 6(3)(a) of Regulation (EU) 2017/2402 (the "**Securitisation Regulation**") (which does not take into account any corresponding relevant national measures and as interpreted and applied on the date hereof) (the "**Retention**").

At the Issue Date, the Retention will comprise the Retention Holder holding no less than 5 per cent. of the nominal value of each tranche sold or transferred to investors on the Issue Date. At the Issue Date, the Retention will consist of the Retention Holder holding the VRR Loan Note as required by Article 6(3)(a) of the Securitisation Regulation. After the Issue Date, the Retention Holder may seek secured funding over the Retained Interest. As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Issue Date, to the quarterly investor reports provided to the Noteholders and Certificateholders pursuant to the Cash Administration Agreement and published by the Cash Administrator on <http://pivot.usbank.com> and to the quarterly investor reports and loan level information published by EuroABS on the following website: www.euroabs.com. The website at <http://pivot.usbank.com> and www.euroabs.com, and the contents thereof do not form part of this Prospectus.

Certain undertakings are given by the Retention Holder in the Transaction Documents concerning the Retention Requirement.

U.S. Credit Risk Retention Requirements

Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the final rules related thereto published on 24 December 2014 in the Federal Register by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the SEC and the Department of Housing and Urban Development (the "**U.S. Credit Risk Retention Requirements**") generally require "securitizers" to retain not less than 5 per cent. of the credit risk of the assets securitized, (as described in the section entitled "*Certain Regulatory Disclosures*"). As required by the Dodd-Frank Act, the U.S. Credit Risk Retention Requirements generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on December 24, 2015 and for all other asset-backed securities on December 24, 2016. The Retention Holder and Davidson Kempner Capital Management LP are acting as Co-Sponsors and are referred to herein together as the Sponsors (the "**Sponsors**"). The Retention Holder, acting as retaining sponsor (as defined in the U.S. Credit Risk Retention Requirements), intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining (as described in the section of this Prospectus entitled "*Certain Regulatory Disclosures*") a "single vertical security" (as defined in the U.S. Credit Risk Retention Requirements) that is an eligible vertical interest (an "**EVI**") in the Issuer, with an aggregate balance of approximately £126,621,000 as of the Issue Date in the form of the VRR Loan Note. The VRR Loan Note will represent at least 5.0 per cent. of all "ABS interests" (as defined in the U.S. Credit Risk Retention Requirements) issued by the Issuer as of the Issue Date, and will entitle the Retention Holder to a specified percentage of the amounts paid on each other class of ABS interests issued by the Issuer on the Issue Date.

ERISA Considerations

Any Certificates or Notes that are not ERISA-Eligible Notes (and any interest therein) may not be purchased or held (i) by any "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), which is subject thereto, or any "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") to which Section 4975 of the Code applies, or by any person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan" (each of the foregoing, a "**Plan**"), or (ii) by any governmental, church or non-U.S. plan which is subject to any state, local, other federal or non-U.S. law or regulation that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**") unless, with respect to item (ii) above, the acquisition, holding and transfer or other disposition of such Certificates or Notes (or any interest therein) will not constitute or result in a

violation of Similar Law, and each purchaser of such Certificates or Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Certificates or Notes (or any interest therein) will not be, such a Plan or a governmental, church or non-U.S. plan subject to Similar Law or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Certificates or Notes (or any interest therein) will not constitute or result in a violation of Similar Law. Any Notes that are ERISA Eligible Notes (and any interest therein) may be purchased by a Plan or a governmental, church or non-U.S. plan subject to Similar Law only if the acquisition, holding and transfer or other disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law, and each purchaser of such Notes (or any interest therein) will be deemed to have represented, warranted and agreed that (i) it is not, and for so long as it holds such Notes (or any interest therein) will not be, a Plan or a governmental, church or non-U.S. plan subject to Similar Law, or (ii) its acquisition, holding and transfer or other disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law.

The Notes

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States, and the Notes may not be offered or sold (i) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Reg S**")) except to persons that are "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or (ii) in transactions that occur outside the United States except to persons other than U.S. persons in accordance with Reg S and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on offers, sales and transfers of Notes in this Prospectus, see "*Purchase and Sale*".

Volcker Rule

The Issuer has structured the transaction so that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "*covered fund*" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "**Volcker Rule**". In reaching this conclusion, although other statutory or regulatory exemptions under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and under the Volcker Rule and its related regulations may

be available to the Issuer, the Issuer has relied on the determinations that it may rely on an exemption from registration under the Investment Company Act under Section 3(c)(5)(C) of the Investment Company Act and, accordingly, may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from registration under the Investment Company Act.

Please refer to the section entitled "*Certain Regulatory Disclosures – Volcker Rule*".

Significant Investor

On the Issue Date:

- (i) certain funds managed and/or sub-advised by Davidson Kempner Capital Management LP will acquire the H Notes, the Z1 Notes and the Z2 Notes;
- (ii) the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the X Notes will be immediately sold by the Joint Lead Managers to, and will be purchased by, Merrill Lynch International and/or their affiliates;
- (iii) it is expected that the A Notes will be acquired by a single investor or related investors;
- (iv) the R Certificates and the S Certificates will be issued to the Seller and represent a right to deferred consideration for the sale of the Mortgage Pool by the Seller to the Issuer. The Seller will immediately following the issue of the R Certificates and the S Certificates to the Seller transfer the R Certificates to Junglinster or certain funds managed and/or sub-advised by Davidson Kemper Capital Management LP and the S Certificates to the Retention Holder.

On the Issue Date, the Retention Holder will acquire the VRR Loan Note in compliance with the retention requirements (as described above). As at the Issue Date, the VRR Loan Note will be equal to £126,621,000, being equal to no less than 5 per cent. of (100/95) of the aggregate principal amount of the Notes and the Certificates (and for the avoidance of doubt, the Certificates do not have a principal amount).

It being noted that any investor in the Notes or the Certificates may sell their investments in such Notes or Certificates either in whole or in part to one or more other third party investors at any time on, before or after the Closing Date in negotiated transactions and at varying prices to be determined at the relevant time of sale (other than the VRR Loan Note).

Simple, Transparent and Standardised Securitisation

As at the Issue Date, no notification will be submitted to the European Securities and Markets Authority ("**ESMA**"), in accordance with Article 27 of the Securitisation Regulation, that the requirements of Articles 19 to 22 of the Securitisation Regulation have been satisfied with respect to the Notes (such notification, the "**STS Notification**").

Benchmarks Regulation

Amounts payable on Notes (other than the H Notes and the Z2 Notes which have a zero coupon) are calculated by reference to the Sterling Overnight Index Average ("**SONIA**"). As at the date of this prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 (the "**Benchmarks Regulation**"). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.

VRR Loan Note

For the purposes of, *inter alia*, satisfying U.S. and EU risk retention requirements, the Issuer will, pursuant to the VRR Loan Note Agreement, deliver the VRR Loan Note to the Retention Holder (the "**VRR Loan Noteholder**"). As at the Issue Date, the VRR Loan Note will be equal to £126,621,000, being equal to no less than 5 per cent. of (100/95) of the aggregate principal amount of the Notes and the Certificates (and, for the avoidance of doubt, the Certificates do not have a principal amount).

The VRR Loan Noteholder will receive the VRR Proportion of all amounts received by the other Noteholders and Certificateholders) (see the section entitled "*Description of the VRR Loan Note*" for more information).

This Prospectus therefore contains information relating to the VRR Loan Note to enable prospective Noteholders to understand the liabilities of the Issuer to the VRR Loan Noteholder. All references in this Prospectus to the VRR Loan Note are included for information purposes only and in order to describe the VRR Loan Note insofar as it is relevant to the issue of the Notes. For the avoidance of doubt, the VRR Loan Note is not being offered under or pursuant to this Prospectus.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Notes offered pursuant to Rule 144A (together, the "**Rule 144A Notes**") remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon the request of a holder or of any beneficial owner of such a Rule 144A Note or of any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

UNITED STATES DISTRIBUTION RESTRICTIONS

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("**SEC**"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR FEDERAL SECURITIES LAWS. ACCORDINGLY, (A) THE RULE 144A NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT IN EACH CASE ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, AND (B) THE REG S NOTES (THE "**REG S NOTES**") ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*PURCHASE AND SALE*".

IT IS EXPECTED THAT THE NOTES OF EACH SERIES (OTHER THAN THE F NOTES, THE G NOTES, THE H NOTES, THE X NOTES, THE Z1 NOTES AND THE Z2 NOTES) WILL BE ERISA-ELIGIBLE NOTES (AS DEFINED HEREIN). EACH PURCHASER OF ANY NOTE (OR ANY INTEREST THEREIN) THAT IS AN ERISA-ELIGIBLE NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH A NOTE (OR ANY INTEREST THEREIN) WILL NOT BE, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), WHICH IS SUBJECT THERETO, OR A "PLAN" AS DEFINED IN SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, OR BY A PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN "EMPLOYEE BENEFIT PLAN" OR "PLAN", OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY, STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR (II) ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF SUCH NOTES (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF SIMILAR LAW. EACH PURCHASER OF A CERTIFICATE OR OF ANY NOTE (OR ANY INTEREST THEREIN) THAT IS NOT AN ERISA-ELIGIBLE NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT FOR SO LONG AS IT HOLDS SUCH CERTIFICATE OR NOTE (OR ANY INTEREST THEREIN) (I)

IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH CERTIFICATE OR NOTE (OR ANY INTEREST THEREIN) WILL NOT BE, SUCH AN "EMPLOYEE BENEFIT PLAN", "PLAN", PERSON OR GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW, OR (II) IF IT IS A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, ITS ACQUISITIONS, HOLDING AND TRANSFER OR OTHER DISPOSITION OF SUCH CERTIFICATE OR NOTE (OR ANY INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF SIMILAR LAW. SEE "*ERISA CONSIDERATIONS FOR INVESTORS*".

THERE IS NO UNDERTAKING TO REGISTER THE NOTES AND THE CERTIFICATES UNDER U.S. STATE OR FEDERAL SECURITIES LAWS. UNTIL 40 DAYS AFTER THE COMMENCEMENT OF THE OFFERING, AN OFFER OR SALE OF THE NOTES OR THE CERTIFICATES WITHIN THE UNITED STATES BY THE JOINT LEAD MANAGERS (WHETHER OR NOT PARTICIPATING IN THIS OFFERING) MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN IN COMPLIANCE WITH RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

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

Each initial and subsequent purchaser of Notes, the VRR Loan Note or Certificates will be deemed, by its acceptance of such Notes, the VRR Loan Note or Certificates, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance is or can be given by the Arranger, the Joint Lead Managers or the Trustee or anyone other than the Issuer as to the adequacy, accuracy or completeness of such information, and this Prospectus does not constitute and shall not be construed as any representation or warranty by the Arranger, the Joint Lead Managers or the Trustee or anyone other than the Issuer as to the adequacy, accuracy or completeness of such information contained herein. None of the Arranger, the Joint Lead Managers or the Trustee or anyone other than the Issuer have independently verified any of the information contained herein (financial, legal or otherwise) and, in making an investment decision, investors must rely on their own examination of the terms of this Prospectus, including the merits and risks involved. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes or Certificates is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes or Certificates is strictly prohibited. A prospective investor shall not be entitled to, and must not rely on, this Prospectus unless it was furnished to such prospective investor directly by the Issuer, the Arranger or the Joint Lead Managers.

The information contained in this Prospectus in the section headed "*Characteristics of the Target Mortgage Pool*" has been extracted from information provided by the Mortgage Administrator. The Issuer accepts responsibility for the accuracy of such extracted information but accepts no further or other responsibility in respect of such information. So far as the Issuer is aware and/or able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in the information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information and prospective investors in the Notes and/or Certificates should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

Where third-party information has been used in this Prospectus, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. This information has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from the information published by such third-party sources, no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

None of the Issuer, the Arranger, the Joint Lead Managers, the Trustee or any other person makes any representation to any prospective investor or purchaser of the Notes and/or Certificates regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations and prospective investors should consult their legal advisers to determine whether and to what extent the investment in the Notes and/or Certificates constitute a legal investment for them.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE

ARRANGER, THE JOINT LEAD MANAGERS, THE TRUSTEE OR ANY PERSON AFFILIATED WITH THE ARRANGER, THE JOINT LEAD MANAGERS OR THE TRUSTEE IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (III) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (IV) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES. THE VRR LOAN NOTE AND/OR CERTIFICATES.

IMPORTANT NOTICES

THE NOTES, THE CERTIFICATES, AND THE VRR LOAN NOTE WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES, THE CERTIFICATES, AND THE VRR LOAN NOTE WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES, THE CERTIFICATES, AND THE VRR LOAN NOTE WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE RETENTION HOLDER, THE SPONSORS, THE LEGAL TITLE-HOLDER, THE ORIGINAL SELLERS, THE ARRANGER, THE JOINT LEAD MANAGERS, THE MORTGAGE ADMINISTRATOR, THE SERVICER ADMINISTRATOR, THE CASH ADMINISTRATOR, THE ACCOUNT BANK, THE COLLECTION ACCOUNTS PROVIDER, THE CORPORATE SERVICES PROVIDER, THE AGENT BANK, THE REGISTRAR, THE PRINCIPAL PAYING AGENT, THE TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES, THE CERTIFICATES, AND THE VRR LOAN NOTE SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS PROSPECTUS HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS PROSPECTUS) AND, AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE CASH ADMINISTRATOR ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH ADMINISTRATOR*" TO THE BEST OF THE KNOWLEDGE OF THE CASH ADMINISTRATOR, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

THE SELLER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*CONSTITUTION OF THE MORTGAGE POOL*", "*CHARACTERISTICS OF THE TARGET MORTGAGE POOL*" AND "*TITLE TO THE MORTGAGE POOL*". TO THE BEST OF THE KNOWLEDGE OF THE SELLER, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

KENSINGTON MORTGAGE COMPANY LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE MORTGAGE ADMINISTRATOR AND THE LEGAL TITLE-HOLDER*" AND "*ADMINISTRATION, SERVICING AND CASH MANAGEMENT OF THE MORTGAGE POOL*". TO THE BEST OF THE KNOWLEDGE OF KENSINGTON MORTGAGE COMPANY LIMITED, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

THE SERVICER ADMINISTRATOR AND THE RETENTION HOLDER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE RETENTION HOLDER AND SERVICER ADMINISTRATOR*" AND "*CERTAIN REGULATORY DISCLOSURES*". TO THE BEST OF THE KNOWLEDGE OF THE SERVICER ADMINISTRATOR AND RETENTION HOLDER, 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.

DAVIDSON KEMPNER CAPITAL MANAGEMENT LP (AS THE CO-SPONSOR) ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*CERTAIN REGULATORY DISCLOSURES – U.S. CREDIT RISK RETENTION REQUIREMENTS*". TO THE BEST OF THE KNOWLEDGE OF THE CO-SPONSOR, 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.

ELAVON FINANCIAL SERVICES DAC, BARCLAYS BANK PLC AND INTERTRUST MANAGEMENT LIMITED ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE ACCOUNT BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND THE REGISTRAR*", "*THE COLLECTION ACCOUNTS PROVIDER*" AND "*THE MORTGAGE ADMINISTRATION FACILITATOR, THE LEGAL TITLE-HOLDER FACILITATOR AND THE CORPORATE SERVICES PROVIDER*" RESPECTIVELY. TO THE BEST OF THE KNOWLEDGE OF ELAVON FINANCIAL SERVICES DAC, BARCLAYS BANK PLC, INTERTRUST MANAGEMENT LIMITED, THE INFORMATION CONTAINED IN THE RELEVANT 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.

The Notes, the Certificates, and the VRR Loan Note are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a person who is not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes, the Certificates, and the VRR Loan Note or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes, the Certificates, and the VRR Loan Note or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, the Certificates, and the VRR Loan Note has led to the conclusion that: (i) the target market for the Notes, the Certificates, and the VRR Loan Note is Eligible Counterparties and Professional Clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes, the Certificates, and the VRR Loan Note to Eligible Counterparties and Professional Clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes, the Certificates and the VRR Loan Note (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

This Prospectus comprises a prospectus for the purposes of the Prospectus Regulation. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Arranger, the Joint Lead Managers or the Sponsors to subscribe for or purchase any of the Notes, the VRR Loan Note or the Certificates. The distribution of this Prospectus and the offering of the Notes, the VRR Loan Note and the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arranger and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Notes and the Certificates and distribution of this Prospectus, see "*Purchase and Sale*".

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Trustee or the Arranger, the Joint Lead Managers or the Sponsors. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes, the VRR Loan Note or the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Arranger, the Joint Lead Managers, the Sponsors or the Trustee or anyone other than the Issuer accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger, the Joint Lead Managers, the Sponsors or the Trustee or any other person or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Arranger, the Joint Lead Managers, the Sponsors, the Trustee or anyone other than the Issuer, accordingly, disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Payments of interest and principal in respect of the Notes, the VRR Loan Note and the Certificates will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts thereof. References in this Prospectus to "£", "**pounds**" or "**sterling**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to "**Euro**" and "**€**" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

THE ARRANGER, THE JOINT LEAD MANAGERS AND THE TRUSTEE DO NOT ACCEPT ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE ISSUER, THE RETENTION HOLDER, THE SELLER OR ANY OTHER TRANSACTION PARTY WITH REQUIREMENTS OF THE SECURITISATION REGULATION OR THE U.S. CREDIT RISK RETENTION REQUIREMENTS.

TABLE OF CONTENTS

	Page
RISK FACTORS.....	1
TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF THE TRANSACTION	47
TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOW	48
TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE	49
TRANSACTION OVERVIEW	50
TRANSACTION OVERVIEW – MORTGAGE POOL AND SERVICING	54
TRANSACTION OVERVIEW – FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES	64
TRANSACTION OVERVIEW – TERMS AND CONDITIONS OF THE NOTES, THE VRR LOAN NOTE AND THE CERTIFICATES	67
RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS	76
OVERVIEW OF CREDIT STRUCTURE AND CASH FLOW	85
CERTAIN REGULATORY DISCLOSURES	109
MORTGAGE REGULATION IN THE UK.....	113
USE AND ESTIMATED AMOUNT OF PROCEEDS.....	127
THE ISSUER.....	128
HOLDINGS	131
THE MORTGAGE ADMINISTRATOR AND THE LEGAL TITLE-HOLDER	133
THE CASH ADMINISTRATOR.....	134
THE SELLER	135
THE RETENTION HOLDER AND SERVICER ADMINISTRATOR.....	136
THE TRUSTEE	137
THE ACCOUNT BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND THE REGISTRAR	138
THE COLLECTION ACCOUNTS PROVIDER	139
THE MORTGAGE ADMINISTRATION FACILITATOR, THE LEGAL TITLE-HOLDER FACILITATOR AND THE CORPORATE SERVICES PROVIDER.....	140
CONSTITUTION OF THE MORTGAGE POOL	141
CHARACTERISTICS OF THE TARGET MORTGAGE POOL	145
PROVISIONAL MORTGAGE PORTFOLIO AS AT JUNE 15, 2019 (THE "TARGET POOL CUT-OFF DATE")	146
CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET	158
TITLE TO THE MORTGAGE POOL	163
SALE OF THE MORTGAGE POOL	164
CREDIT STRUCTURE.....	174
ADMINISTRATION, SERVICING AND CASH MANAGEMENT OF THE MORTGAGE POOL	183
SECURITY FOR THE ISSUER'S OBLIGATIONS	191
WEIGHTED AVERAGE LIVES OF THE NOTES	194
DESCRIPTION OF THE VRR LOAN NOTE	197

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	201
SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM	207
TERMS AND CONDITIONS OF THE NOTES	212
TERMS AND CONDITIONS OF THE CERTIFICATES	259
MATERIAL LEGAL ASPECTS OF THE LOANS AND THE RELATED SECURITY	287
UNITED KINGDOM TAXATION	295
UNITED STATES FEDERAL INCOME TAXATION	296
U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT	304
ERISA CONSIDERATIONS FOR INVESTORS	305
PURCHASE AND SALE	307
TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS	311
GENERAL INFORMATION	316
GLOSSARY OF DEFINED TERMS	320
INDEX OF DEFINED TERMS	366

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and/or the Certificates. All of these factors are contingencies which may or may not occur. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes and the Certificates, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes, the VRR Loan Note and the Certificates for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes and/or Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including the detailed information set out in the section entitled "*Credit Structure*") and reach their own views prior to making any investment decision.

For the avoidance of doubt, the following risk factors does not address risk relevant to prospective holders of the VRR Loan Note.

Risks related to the Notes, the VRR Loan Note and the Certificates

Absence of secondary market or lack of liquidity in the secondary market may adversely affect the market value of the Notes and the Certificates

The ability of the Issuer to redeem all of the Notes and Certificates in full, including following the occurrence of an Event of Default in relation to the Notes and Certificates while any of the Loans are still outstanding, may depend upon whether the Loans can be realised to obtain an amount sufficient to redeem the Notes and Certificates.

There is currently no secondary market for the Notes and Certificates and currently a limited secondary market for securities similar to the Notes, and there can be no assurance that an active and liquid secondary market for the Notes and Certificates will develop. To date, none of the Joint Lead Managers have indicated that they intend to establish a secondary market in the Notes and Certificates. To the extent that a secondary market exists or develops, it may not continue for the life of the Notes and Certificates or it may not provide Noteholders and Certificateholders with liquidity of investment with the result that a Noteholder or Certificateholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder or Certificateholder to realise a desired yield or a desired return on projected amounts due in respect of the Notes or Certificates. Any investor in the Notes must be prepared to hold their Notes and Certificates for an indefinite period of time or until the Final Maturity Date or, alternatively, such investor may only be able to sell the Notes and Certificates at a discount to the original purchase price of those Notes and Certificates.

The secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from, among other things, reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes and Certificates experiencing very limited liquidity during such severe disruptions. Limited liquidity in the secondary market could have a material adverse effect on the market value of mortgage-backed securities, including the Notes and Certificates issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk, and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Extended Collateral Term Repo Facility and Funding for Lending Scheme and the Eurosystem monetary policy framework of the European Central Bank provide an important source of liquidity in respect of eligible securities, the relevant eligibility criteria for eligible collateral which apply and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the

Notes are eligible securities. No assurance is given that any Class of Notes or Certificates will be eligible for any specific central bank liquidity schemes.

No assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes or Certificates and/or the ability of the Issuer to satisfy its obligations under the Notes or Certificates.

The Notes and the Certificates may not be a suitable investment for all investors

Each potential investor in the Notes or the Certificates 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 or Certificates, the merits and risks of investing in the Notes or Certificates and the information contained in this Prospectus;
- (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 or Certificates and the impact the Notes or Certificates will have on its overall investment portfolio;
- (c) consider carefully, in light of its particular financial needs and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisors it deems appropriate, all information in this Prospectus so as to arrive at its own independent evaluation of the investment;
- (d) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or Certificates, including Notes or Certificates 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;
- (e) understand thoroughly the terms of the Notes or Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (f) be able to evaluate (either alone or with the help of a professional and/or 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 or the Certificates, which are complex financial instruments, unless it has the expertise (either alone or with a professional and/or financial adviser) to evaluate how the Notes or Certificates will perform under changing conditions, the resulting effects on the value of the Notes or Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Liability under the Notes, the VRR Loan Note and the Certificates

The Notes, the VRR Loan Note and the Certificates will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes, the VRR Loan Note and Certificates will not be obligations of, and will not be guaranteed by, or be the responsibility of the Sponsors, the Account Bank, the Retention Holder, the Collection Accounts Provider, the Arranger, the Cash Administrator, the Corporate Services Provider, the Trustee, the Mortgage Administrator, the Servicer Administrator, the Mortgage Administration Facilitator, the Seller, the Principal Paying Agent, the Legal Title-Holder, the Legal Title-Holder Facilitator, the Registrar, the Joint Lead Managers or anyone other than the Issuer.

The Notes, the VRR Loan Note and the Certificates will be limited recourse obligations of the Issuer. If, and to the extent that, after the Charged Property has been realised and the proceeds thereof have been applied in accordance with the applicable Priority of Payments, either (a) the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Noteholders (including the VRR Loan Noteholder) or the Certificateholders in full for any reason or (b) the principal amount outstanding has not been fully repaid on the Notes, the VRR Loan Note or the Certificates, the Issuer will have no liability to pay or otherwise make good any such insufficiency or shortfall and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be extinguished.

The Issuer is subject to the risk of default in payment by Borrowers, and therefore payments in respect of the Notes, the VRR Loan Note and the Certificates are subject to a credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Mortgage Administrator on behalf of the Issuer to realise or recover sufficient funds under the arrears and default procedures in respect of any Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrower(s) under such Loan, which may adversely affect payments on the Notes, the VRR Loan Note and the Certificates. This risk is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders, the VRR Loan Noteholder or the Certificateholders from all risk of loss. Should there be credit losses arising in respect of the Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes and payments due in respect of the Certificates and the VRR Loan Note.

The Issuer has a limited source of funds which may be insufficient to allow for repayment in full of the Notes, the VRR Loan Note and Certificates

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and amounts due in respect of the VRR Loan Note and the Certificates and its operating and administrative expenses will be dependent solely on receipts from or in connection with the Loans in the Mortgage Pool, namely Revenue Collections and Principal Collections, interest earned on the Issuer accounts, income from any Authorised Investments and amounts available in respect of the Liquidity Reserve Fund (applied in accordance with the terms of the Cash Administration Agreement). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes, the VRR Loan Note, the Certificates and/or any other payment obligation of the Issuer under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the VRR Loan Noteholder and the other Secured Creditors, subject to the applicable Priority of Payments.

There are limitations on enforcement and the proceeds of that enforcement may not be enough to make all the payments due on the Notes, the VRR Loan Note and Certificates

No Noteholder (including the VRR Loan Noteholder) or Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder, the VRR Loan Noteholder or the Certificateholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer in any circumstances.

The Seller has a limited source of funds

There can be no assurance that the Seller will honour, or have the financial resources to honour its obligations under the Mortgage Sale Agreement (see section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*"). The Sponsors have no obligation to advance any amounts or provide any financial or other support of any nature to the Seller, and neither the Sponsors nor any other person will guarantee or act as surety for any obligations of the Seller. Other than its rights arising under the Assignment and Indemnity Agreement and any amounts received thereunder, the Seller is not expected to have any material sources of funds. This may affect the ability of the Seller to repurchase the Loans that are in breach of any representation and warranty and/or to make any indemnity payments due under the Mortgage Sale Agreement. The Seller will only be liable under the representations and warranties to the extent that it receives amounts from Junglinster under the Assignment and Indemnity Agreement. Any failure of the Seller to repurchase or indemnify may have an adverse effect on the quality of the Loans and their related security in the Mortgage Pool and, accordingly, the ability of the Issuer to make payments due on the Notes and/or Certificates.

Income and Principal Deficiency

On each Interest Payment Date, any amounts standing to the credit of the Liquidity Reserve Fund will constitute Available Revenue Funds and be applied in accordance with the relevant Priority of Payments. Items (v)(B) and (vi)(B) of the Pre-Enforcement Revenue Priority of Payments provides for the Liquidity Reserve Fund Ledger to be credited up to the Liquidity Reserve Fund Required Amount on the relevant Interest Payment Date. On each Interest Payment Date, any amounts standing to the credit of the Non-Liquidity Reserve Fund will constitute Available Revenue Funds and be applied in accordance with the relevant Priority of Payments. Items (v)(P) and (vi)(P) of the Pre-Enforcement Revenue Priority of Payments provides for the Non-Liquidity Reserve Fund Ledger to be credited up to the Non-Liquidity Reserve Fund Required Amount on the relevant Interest Payment Date. If, following application of amounts standing to the credit of the Liquidity Reserve Fund and the Non-Liquidity Reserve Fund, there remains a Revenue Shortfall or a shortfall in items (v)(D) and (vi)(D) (subject to the B Notes being the Most Senior Class), items (v)(F) and (vi)(F) (subject to the C Notes being the Most Senior Class), items (v)(H) and (vi)(H) (subject to the D Notes being the Most Senior Class), items (v)(J) and (vi)(J) (subject to the E Notes being the Most Senior Class), items (v)(L) and (vi)(L) (subject to the F Notes being the Most Senior Class) or items (v)(N) and (vi)(N) (subject to the G Notes being the Most Senior Class) of the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall pay or provide for such shortfall by applying the Available Principal Funds.

The amount of any Available Principal Funds used to fund a Revenue Shortfall or an Interest Shortfall will be calculated and allocated to the Notes and recorded as a debit to the Principal Deficiency Ledger on each Determination Date as follows:

- (a) *first*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the H Notes, as debits on the H Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (a) shall equal the VRR Proportion of amounts debited from the H Principal Deficiency Ledger under this paragraph (a);
- (b) *second*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the G Notes, as debits on the G Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (b) shall equal the VRR Proportion of amounts debited from the G Principal Deficiency Ledger under this paragraph (b);
- (c) *third*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the F Notes, as debits on the F Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (c) shall equal the VRR Proportion of amounts debited from the F Principal Deficiency Ledger under this paragraph (c);
- (d) *fourth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the E Notes, as debits on the E Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (d) shall equal the VRR Proportion of amounts debited from the E Principal Deficiency Ledger under this paragraph (d);
- (e) *fifth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the D Notes, as debits on the D Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (e) shall equal the VRR Proportion of amounts debited from the D Principal Deficiency Ledger under this paragraph (e);
- (f) *sixth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the C Notes, as debits on the C Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency

Ledger under this paragraph (f) shall equal the VRR Proportion of amounts debited from the C Principal Deficiency Ledger under this paragraph (f);

- (g) *seventh*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the B Notes, as debits on the B Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (g) shall equal the VRR Proportion of amounts debited from the B Principal Deficiency Ledger under this paragraph (g); and
- (h) *eighth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the A Notes, as debits on the A Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (h) shall equal the VRR Proportion of amounts debited from the A Principal Deficiency Ledger under this paragraph (h).

"PDL Maximum Amount" means, in respect of a Class of Notes, the Principal Amount Outstanding of such Class of Notes multiplied by (100/95).

It is expected that during the course of the life of the Notes, principal deficiencies will be recouped from Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments. Amounts standing to the credit of the Non-Liquidity Reserve Fund will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit the A Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion, the B Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion, the C Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion, the D Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion, the E Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion, the F Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion, the G Principal Deficiency Ledger, and the H Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in its respective proportion.

If there are insufficient funds available as a result of such income or principal deficiencies, then one or more of the following consequences may ensue:

- the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes and payments due on the VRR Loan Note; and
- there may be insufficient funds to repay the Notes (and the VRR Loan Note) on or prior to the Final Maturity Date of the Notes (and the VRR Loan Note) unless the other net income of the Issuer is sufficient, after making other payments to be made in priority thereto, to reduce to nil the balance on the Principal Deficiency Ledger (and the VRR Principal Deficiency Ledger in its respective proportion).

Weighted average life of the Notes

The weighted average lives of the Notes refer to the average amount of time that elapses from the date of issuance of the Notes to the Noteholders to the date of distribution to such Noteholders of payments in net reduction of principal under the Notes (assuming no losses).

The weighted average lives of the Notes will be directly influenced by, amongst other things, the actual rate of redemption of the Mortgages, which, in turn, is influenced by the Borrowers' ability to redeem the Mortgages. Where certain Borrowers are able to redeem the Mortgages only through refinancing, the actual rate of redemption may actually be reduced if such Borrowers experience difficulties in refinancing the relevant Loans. Any failure to make timely redemption of the Mortgages will reduce the CPR and increase the average weighted lives of the Notes.

For other factors and assumptions which may affect the weighted average lives of the Notes, see "*Weighted Average Lives of the Notes*".

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

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal in respect of the Loans in the Mortgage Pool (including prepayments, sale proceeds arising on enforcement of a Mortgage, and repurchases (or indemnification) by the Seller due to, for example, breaches of representations and warranties) on the Loans and the price paid by the holders of the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Loans, such Loans may be prepaid in full or in part at any time. Prepayments may result in connection with refinancings of Loans, voluntary sales of Properties by Borrowers or as a result of enforcement proceedings under the relevant Mortgage, as well as the receipt of proceeds from building insurance and life insurance policies. Generally, when market interest rates increase, borrowers are less likely to prepay their Loans, while conversely, when market interest rates decrease, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated early repayment charges) are generally more likely to prepay their Loans. However, no assurance can be given as to the level of prepayment that the Mortgage Pool will experience. See "*Weighted Average Lives of the Notes*". The yield to maturity of a series of Notes may also be affected if the Seller is required to repurchase Loans from the Mortgage Pool (see "*Sale of the Mortgage Pool – Warranties and Repurchase*").

Pursuant to the Deed Poll, the Mortgage Pool Option Holder has the option to purchase (or nominate a third-party purchaser to purchase) the Mortgage Pool and its Related Security on the Business Day falling on or after the day falling 5 Business Days prior to the Call Option Date for a purchase price which, together with any amounts standing to the credit of the Transaction Account of the Issuer (including the Reserve Fund, would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes on such Interest Payment Date, redeem all of the Notes (and the VRR Loan Note) then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the relevant completion date (such date, the "**Mortgage Pool Purchase Completion Date**").

Subordination of the Notes

- (a) the B Notes are subordinated in right of payment of principal and interest to the A Notes and the Class S Payment;
- (b) the C Notes are subordinated in right of payment of principal and interest to the A Notes, the Class S Payment and the right of payment of principal and interest to the B Notes;
- (c) the D Notes are subordinated in right of payment of principal and interest to the A Notes, the Class S Payment and the right of payment of principal and interest to the B Notes and the C Notes;
- (d) the E Notes are subordinated in right of payment of principal and interest to the A Notes, the Class S Payment and the right of payment of principal and interest to the B Notes, the C Notes and the D Notes; and
- (e) the F Notes are subordinated in right of payment of principal and interest to the A Notes, the Class S Payment and the right of payment of principal and interest to the B Notes, the C Notes, the D Notes and the E Notes;
- (f) the G Notes are subordinated in right of payment of principal and interest to the A Notes, the Class S Payment and the right of payment of principal and interest to the B Notes, the C Notes, the D Notes, the E Notes and the F Notes; and
- (g) the H Notes are subordinated in right of payment of principal to the A Notes, the Class S Payment and the right of payment of principal and interest to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes.

In addition, payments will be made to the VRR Loan Noteholder on a *pari passu* and *pro rata* basis with payments on the Notes and Certificates, in accordance with the terms of the VRR Loan Note Agreement and the Transaction Documents.

There is no assurance that these subordination provisions will protect the holders of the A Notes, the S Certificates, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, and the VRR Loan Noteholder from all risk of loss.

Investors in the X Notes, the Z1 Notes and the Z2 Notes should also be aware that prior to (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the X Notes, the Z1 Notes and the Z2 Notes shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments. Following (A) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (B) the occurrence of a Redemption Event, payments in respect of the X Notes, the Z1 Notes and the Z2 Notes will be made in accordance with the Post-Enforcement Priority of Payments.

Payments on the X Notes, the Z1 Notes and the Z2 Notes will only be made to the extent there are residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or residual funds under the Post-Enforcement Priority of Payments, if applicable). Following the Step-Up Date, Available Revenue Funds will not be applied to pay interest and principal on the X Notes and Z1 Notes, or principal on the Z2 Notes and will be applied as Available Principal Funds to redeem the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) until the Notes (other than the X Notes, the Z1 Notes and Z2 Notes) have been redeemed in full.

Each S Certificate represents the right to receive a *pro rata* allocation of the Class S Payment (in respect of the S Certificate) in accordance with the Terms and Conditions of the Certificates.

Each R Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool. Payments in respect of the R Certificates shall only be payable out of residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or after (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, residual funds under the Post-Enforcement Priority of Payments).

For further information on the payment of principal on the Notes, please see Note Condition 5 (*Redemption*).

Ratings of the Rated Notes

The ratings assigned to the Rated Notes are based on the Loans, the Security, the Mortgage Pool and relevant structural features of the transaction, which may include, among other things, the short-term unsecured, unguaranteed and unsubordinated debt ratings and the long-term ratings of the Collection Accounts Provider and the Account Bank. In the event one or more of these transaction parties are downgraded below the requisite ratings requirement level, there can be no assurance that a replacement to that counterparty will be found which has the ratings required to maintain the then current ratings of the Rated Notes. If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Rated Notes and, as a consequence, the resale price of the Rated Notes in the market and the *prima facie* eligibility of certain classes of the Rated Notes for use in liquidity schemes established by, *inter alios*, various central banks. These ratings reflect only the views of the Rating Agencies in respect of the Rated Notes.

The ratings that are assigned to the Rated Notes do not represent any assessment of the yield to maturity that a holder of a Rated Note may experience.

The ratings assigned by the Rating Agencies address, *inter alia*:

- (a) in respect of the A Notes, the likelihood of full and timely payment of interest due to the holders of such A Notes on each Interest Payment Date;

- (b) in respect of the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes, the likelihood of full payment of interest due to the holders of such Notes by a date that is not later than the Final Maturity Date of such Notes; and
- (c) full payment of principal due to the holders of the Rated Notes by a date that is not later than the Final Maturity Date for the Rated Notes.

Ratings are expected to be assigned to the A Notes, the B Notes, the C Notes, the D Notes, E Notes, the F Notes and the G Notes by Moody's and S&P.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or the liquidity of the Rated Notes.

Credit rating agencies other than Moody's or S&P could seek to rate the Rated Notes without having been requested to do so by the Issuer and, if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by Moody's and S&P, those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Rated Notes. In addition, the mere possibility that a rating could be issued may affect price levels in any secondary market that may develop. In this Prospectus, all references to ratings are to ratings assigned by the relevant Rating Agencies.

A Rating Agency may lower, withdraw or qualify its rating if, in the sole judgement of the Rating Agency, the credit quality of the Rated Notes has declined or is in question. A Rating Agency may also change its criteria and/or methodology at any time and the application of its revised criteria and/or methodology may lead it to lower, withdraw or qualify its rating of the Rated Notes. If any rating assigned to the Rated Notes is downgraded or withdrawn, the market value and/or liquidity of the Rated Notes may be reduced.

Rating Agencies' Confirmation

Where it is necessary for the Trustee to determine, in its opinion, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents, whether or not such exercise will be materially prejudicial to the interests of the Noteholders or any Class of Noteholders, the Trustee shall be entitled, in making such a determination, to take into account any other things it may, in its absolute discretion, consider necessary and/or appropriate, any confirmation by a Rating Agency (if available) that the then current ratings of the Rated Notes or, as the case may be, the Rated Notes of such Class will not be downgraded, withdrawn or qualified, and that, where any original rating of the Rated Notes or, as the case may be, the Rated Notes of such Class has been and continues to be downgraded, restoration of such original rating would not be prevented, as a result of such exercise. For the avoidance of doubt, such rating confirmation shall not be construed to mean that any such exercise by the Trustee of any right, power, trust, authority, duty or discretion under or in relation to the Rated Notes, the Conditions or any of the Transaction Documents is not materially prejudicial to the interests of the holders of the Rated Notes or, as the case may be, the Rated Notes of the relevant Class; and the non-receipt of such rating confirmation shall not be construed to mean that any such exercise by the Trustee as aforesaid is materially prejudicial to the interests of the holders of the Rated Notes or, as the case may be, the Rated Notes of the relevant Class.

No assurance can be given that any or all of the Rating Agencies will provide any such confirmation or that, depending on the timing of the delivery of the request and any information needed to be provided, it may be the case that the Rating Agencies cannot provide their confirmation in the time available and, in either case, the Rating Agencies will not be responsible for the consequences thereof. Certain Rating Agencies have indicated that they will no longer provide confirmations as a matter of policy. To the extent that a Rating Agency Confirmation (such confirmation being either a direct confirmation from the relevant Rating Agency(ies) or a confirmation from the Issuer that any proposed action or modification would not result in a qualification, downgrade or withdrawal in the rating of the Notes), cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and, specifically, the relevant modification and waiver provisions. However, if a confirmation is provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. In particular, the holders of Rated Notes should be aware that the Rating Agencies owe no duties whatsoever to any parties to the

transaction (including the Noteholders) in providing any confirmation of ratings. No assurance can be given that a requirement to seek ratings confirmation will not have a subsequent impact upon the business of the Borrowers. In addition, it should be noted that any confirmation of ratings:

- (a) only addresses the effect of any relevant event, matter or circumstance on the current ratings assigned by the relevant Rating Agency to the Rated Notes;
- (b) does not address whether any relevant event, matter or circumstance is permitted by the Transaction Documents and the Subscription Agreement; and
- (c) does not address whether any relevant event, matter or circumstance is in the best interests of, or prejudicial to, some or all of the Noteholders or other Secured Creditors.

No assurance can be given that any such reconfirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders of a particular Class.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of the holders of securities (such as the Rated Notes).

The implementation of certain matters pursuant to the Transaction Documents is subject to the receipt of written confirmation from each Rating Agency that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn and, if relevant, delivers a copy of each such confirmation to the Trustee, or the Issuer certifies in writing that the Rating Agencies then rating the Notes have been informed of the proposed modification and none of the Rating Agencies have indicated that such modification would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Notes rated thereby. It is possible that, in certain circumstances, amendments are made to the Transaction Documents notwithstanding the fact that a Rating Agency Confirmation is not obtained.

Interest rate risk

The Issuer is subject to the risk of the contractual interest rates on the Mortgages (including fixed rates) and rates of interest linked to an index such as the BBBR or BBR or, as the case may be, the Originator's standard variable rate, among others, being lower than that required by the Issuer in order to meet its commitments under the Notes, the VRR Loan Note, the Certificates, and its other obligations. The Issuer's liabilities under the Notes (other than the H Notes and the Z2 Notes which have a zero coupon) are based on Compounded Daily SONIA for the relevant period. The Issuer will not enter into any swap agreement in respect of the difference between the contractual interest rates on the Mortgages (including rates linked to the BBBR or BBR, the standard variable rate or a fixed rate of interest) and interest payable on the Notes.

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

Although interest rates (despite small recent increases) currently remain at low levels, 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 Mortgages. Borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in Borrowers' monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rate) 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 the relevant properties to permit them to refinance.

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

Changes or uncertainty in respect of LIBOR, SONIA and Reference Banks may affect value of Mortgage Loans, the Notes and the payment of interest thereunder

Various interest rate benchmarks (including SONIA and LIBOR) and other indices are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the EU Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**Benchmarks Regulation**").

Under the Benchmarks Regulation, which has applied from 1 January 2018 in general, certain requirements apply with respect to the provision of a wide range of benchmarks (including LIBOR and SONIA), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmarks Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

The sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the FCA confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

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

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR and SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (b) if LIBOR is discontinued or its otherwise unavailable, then the rate of interest on certain of the Mortgage Loans may be determined for a period by any applicable fall back provisions under the relevant Mortgage Conditions, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time); and
- (c) while an amendment may be made under Note Condition 11(c) (*Negative consent*) to change the SONIA rate on the Notes to an alternative reference rate there can be no assurance that any such amendment will be made or, if made, that it will (i) fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (d) if SONIA is discontinued or is otherwise unavailable, then the rate of interest on the Notes may be determined for a period by any applicable fall-back provisions provided for under Note Condition 4 (*Interest*) of the Terms and Conditions of the Notes, although such provisions may not operate as intended

(depending on market circumstances and the availability of rates information at the time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available;

An Extraordinary Resolution or Ordinary Resolution relating to any changes to the reference rate may be passed by the negative consent of the relevant Noteholders.

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

Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR and/or SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

Changes in the manner of administration SONIA could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

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

Investors should be aware that the market continues to develop in relation to the adoption of SONIA as a reference rate in the capital markets and as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

The Trustee may agree to modifications to the Transaction Documents without the Noteholders', the VRR Loan Noteholder's, or Certificateholders' prior consent, which may adversely affect the Noteholders', the VRR Loan Noteholder's or Certificateholders' interests

Pursuant to the terms of the Trust Deed, the Trustee may, without the consent or sanction of any of, or any liability to, any Noteholder, the VRR Loan Noteholder or Certificateholder:

- (a) concur with the Issuer and any other relevant parties in making or sanctioning:
 - (i) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation;
 - (ii) any other modification (excluding a Basic Terms Modification and a VRR Entrenched Right), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in the opinion of the Trustee, not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation); or
 - (iii) any modification of any of the provisions of the Transaction Documents which in the opinion of the Trustee are necessary to facilitate (A) the appointment of a replacement Mortgage Administrator selected by the Mortgage Administration Facilitator in accordance with the terms

of the Mortgage Administration Agreement or (B) the appointment of a replacement legal titleholder selected by the Legal Title-Holder Facilitator in accordance with the terms of the Mortgage Administration Agreement or (C) the appointment of a replacement Cash Administrator or (D) compliance with requirements under the Securitisation Regulation; or

- (b) determine that an Event of Default or Potential Event of Default will not be treated as such where, in the opinion of the Trustee, such determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant determination),

provided that (i) the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class or a request made pursuant to Note Condition 9 (*Events of Default*) or Certificates Condition 6 (*Events of Default*) and (ii) the Trustee will have regard to the VRR Entrenched Rights when determining whether to consent to such modification, waiver, authorisation or determination.

Other than in respect of a VRR Entrenched Right, the Trustee shall be obliged, without the consent or sanction of any of the Noteholders, the VRR Loan Noteholder or any other Secured Creditor, to concur with the Issuer in making any modifications to the Transaction Documents and/or the Conditions that are requested by the Issuer in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date or any requirements under the Securitisation Regulation, provided that, for the avoidance of doubt, the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction, or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Trustee in respect of the Notes and, the VRR Loan Note in the Transaction Documents and/or the Conditions.

The Trustee shall not be obliged to agree to any modification of the Trust Deed, the Note Conditions, the Certificates Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (b) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions.

Risks relating to negative consent of Noteholders and Certificateholders

An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) or Ordinary Resolution may be passed by the negative consent of the relevant Noteholders (including, for the avoidance of doubt, any changes to the applicable reference rate). An Extraordinary Resolution or an Ordinary Resolution, as applicable, will be passed by a Class of Notes unless, within 40 days of the requisite notice being given by the Issuer to such Class of Noteholders in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*), (a) in the case of an Extraordinary Resolution, the holders of 10 per cent. or more, in aggregate, of the Principal Amount Outstanding of the Notes of such Class or (b) in the case of an Ordinary Resolution, the holders of 15 per cent. or more, in aggregate, of the Principal Amount Outstanding of the Notes of such Class, have informed the Issuer in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) could be passed without the vote of any Noteholders, or even if holders of up to 9.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it, and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 14.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it.

Rights of Noteholders, the VRR Loan Noteholder, Certificateholders and Secured Creditors

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

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

- (a) the A Noteholders, the B Noteholders, the C Noteholders, the D Noteholders, the E Noteholders, the F Noteholders, the G Noteholders, the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the A Noteholders whose interests shall prevail;
- (b) if there are no higher ranking Notes outstanding (i) the B Noteholders and (ii) the C Noteholders, the D Noteholders, the E Noteholders, the F Noteholders, the G Noteholders, the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the B Noteholders whose interests shall prevail;
- (c) if there are no higher ranking Notes outstanding (i) the C Noteholders and (ii) the D Noteholders, the E Noteholders, the F Noteholders, the G Noteholders, the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the C Noteholders whose interests shall prevail;
- (d) if there are no higher ranking Notes outstanding (i) the D Noteholders and (ii) the E Noteholders, the F Noteholders, the G Noteholders, the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the D Noteholders whose interests shall prevail;
- (e) if there are no higher ranking Notes outstanding (i) the E Noteholders and (ii) the F Noteholders, the G Noteholders, the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the E Noteholders whose interests shall prevail;
- (f) if there are no higher ranking Notes outstanding (i) the F Noteholders and (ii) the G Noteholders, the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the F Noteholders whose interests shall prevail;
- (g) if there are no higher ranking Notes outstanding (i) the G Noteholders and (ii) the H Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the G Noteholders whose interests shall prevail;
- (h) if there are no higher ranking Notes outstanding (i) the H Noteholders and (ii) the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the H Noteholders whose interests shall prevail;
- (i) if there are no higher ranking Notes outstanding (i) the X Noteholders and (ii) the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the X Noteholders whose interests shall prevail;
- (j) if there are no higher ranking Notes outstanding (i) the Z1 Noteholders and (ii) the Z2 Noteholders and/or the Certificateholders, the Trustee shall give priority to the interests of the Z1 Noteholders whose interests shall prevail;
- (k) (i) the Z2 Noteholders and (ii) the Certificateholders, the Trustee shall give priority to the interests of the Z2 Noteholders whose interests shall prevail; and
- (l) (i) the holders of the S Certificates (the "**S Certificateholders**") and (ii) the holders of the R Certificates (the "**R Certificateholders**") the Trustee shall give priority to the interests of the holders of the S Certificates whose interests shall prevail.

So long as any of the Notes are outstanding, the Trustee will have regard solely to the interest of the Noteholders and shall not have regard to the interests of the Certificateholders or other Secured Creditors, subject to the provisions of the Trust Deed. If there are no Notes outstanding, the Trustee is to have sole regard to the interest of the Certificateholders and shall not have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed.

Risks relating to Noteholder or Certificateholder Meetings

An initial meeting of the Noteholders or the Certificateholders may be held on 21 clear days' notice. The requisite quorum in respect of Ordinary Resolutions at an initial meeting is one or more persons holding Notes or representing Noteholders holding Notes of, in aggregate, not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes or two or more persons holding Certificates or representing Certificateholders holding Certificates of, in aggregate, not less than 25 per cent. of the outstanding Certificates of the relevant Class(es). The requisite quorum in respect of Extraordinary Resolutions at an initial meeting, is one or more persons holding or representing Noteholders holding Notes of in aggregate more than 50 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes two or more persons holding Certificates or representing Certificateholders holding Certificates of, in aggregate, more than 50 per cent. of the Certificates in issue of the relevant Class(es) for the initial meeting, except in relation to a Basic Terms Modification. The requisite quorum in respect of Extraordinary Resolutions to approve a Basic Terms Modification at an initial meeting requires one or more persons holding Notes or representing Noteholders holding Notes of, in aggregate, not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes or two or more persons holding Certificates or representing Certificateholders holding Certificates of, in aggregate, not less than 75 per cent. of the outstanding Certificates of the relevant Class(es).

An adjourned meeting of the Noteholders or Certificateholders may be held on not less than 14, nor more than 42, clear days' notice. The requisite quorum at an adjourned meeting in respect of Ordinary Resolutions is one or more persons holding Notes or representing Noteholders holding Notes of, in aggregate, not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes or two or more persons holding Certificates or representing Certificateholders holding Certificates of, in aggregate, any proportion of the Certificates which the persons constituting the quorum are holding or representing. The requisite quorum in respect of Extraordinary Resolutions at an adjourned meeting is one or more persons holding or representing Noteholders holding Notes of, in aggregate, not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes or two or more persons holding Certificates or representing Certificateholders holding Certificates of, in aggregate, any proportion of the Certificates which the persons constituting the quorum are holding or representing, except in relation to a Basic Terms Modification. The requisite quorum in respect of Extraordinary Resolutions to approve a Basic Terms Modification at an adjourned meeting requires one or more persons holding Notes or representing Noteholders holding Notes of, in aggregate, more than 50 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes or two or more persons holding Certificates or representing Certificateholders holding Certificates of, in aggregate, not less than 50 per cent of the outstanding Certificates.

As a result of these requirements, it is possible that a valid Noteholder or Certificateholder meeting may be held without the attendance of Noteholders or Certificateholders who may have wished to attend and/or vote.

Potential for conflicts among the Seller, the Retention Holder, the Arranger and the Joint Lead Managers

Certain of the Transaction Parties and their respective affiliates are acting in a number of capacities in connection with the transaction described herein. Those Transaction Parties and any of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed to by each such entity in the relevant capacity and will not, by reason of it or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. In no event shall such Transaction Parties or any of their respective affiliates be deemed to have any fiduciary obligations to any person by reason of their or any of their respective affiliates acting in any capacity.

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

- (a) may from time to time be a Noteholder and/or Certificateholder or have other interests with respect to the Notes or Certificates and they may also have interests relating to other arrangements with respect to a Noteholder or a Note, a Certificateholder or a Certificate, or any other Transaction Party;
- (b) may receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Notes or Certificates;

- (c) may purchase all or some of the Notes or Certificates and resell them in individually negotiated transactions with varying terms; and
- (d) may be or have been involved in a broad range of transactions, including, without limitation, banking, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Certificates, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) each Joint Lead Managers Related Person in the course of its business (including in respect of interests described above) may act independently of any other Joint Lead Managers Related Person or Transaction Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Joint Lead Managers Related Person in respect of the Notes and/or Certificates are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Joint Lead Managers Related Person shall have any obligation to account to the Issuer, any Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Transaction Party;
- (iii) a Joint Lead Managers Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or Certificateholder or to any decision by a potential investor to acquire the Notes or Certificates and which may or may not be publicly available to potential investors ("**Relevant Information**");
- (iv) to the maximum extent permitted by applicable law no Joint Lead Managers Related Person is under any obligation to disclose any Relevant Information to any other Joint Lead Managers Related Person, to any Transaction Party or to any potential investor, and this Prospectus and any subsequent conduct by an Joint Lead Managers Related Person should not be construed as implying that such Person is not in possession of such Relevant Information;
- (v) each Joint Lead Managers Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, a Joint Lead Managers Related Person's dealings with respect to a Note and/or a Certificate, the Issuer or a Transaction Party, may affect the value of a Note or Certificate; and
- (vi) the Retention Holder will on the Issue Date advance funds under the VRR Loan Note which will equal not less than five per cent. of (100/95) of the aggregate principal amount of the Notes and Certificates (representing the required risk retention holdings). The Retention Holder or its affiliates are under no obligation to consider the interests of other Noteholders and Certificateholders when exercising their rights under the VRR Loan Note and may exercise voting rights in respect of the VRR Loan Note in a manner that may be prejudicial to other Noteholders or Certificateholders.

The above interests may conflict with the interests of a Noteholder, the VRR Loan Noteholder or a Certificateholder, and a Noteholder, VRR Loan Noteholder or a Certificateholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Joint Lead Managers Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, the VRR Loan Note, the Certificates, or the interests described above and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, the VRR Loan Noteholder, the Certificateholders, and the Joint Lead Managers Related Persons may in so doing so act in its own commercial interests and without notice to, and without regard to, the interests of any such person.

Following the Issue Date, the Retention Holder may seek to obtain funding from one or more of the Joint Lead Managers or third party to provide financing, directly or indirectly, to the Retention Holder and/or any of its affiliates and related entities. Such financing may, directly or indirectly, involve financing some or all of the Retained Interest, and such financier may receive security over assets of the Retention Holder and/or its affiliates,

including security over the Retained Interest, resulting in such financier having enforcement rights and remedies which may include the right to appropriate or sell the Retained Interest. In carrying out such sale, the Arranger and the Joint Lead Managers would not be required to have regard to any retention requirements, including the Retention Requirements, and any such sale may therefore from such time cause the transaction described in this Prospectus to cease to be compliant with such requirements.

The Seller or Retention Holder (or its affiliates) as Noteholder and/or Certificateholder

The Seller or the Retention Holder (and any affiliate thereof and any related funds of such affiliate) has a right to purchase and hold any Notes or Certificates. As holder of any Notes or Certificates, the Seller or the Retention Holder (and any affiliate thereof and any related funds of such affiliate) will have a right to vote on any resolution or determination put to Noteholders or Certificateholders and the interests of the Seller or Retention Holder (or any of its affiliates or any related funds of such affiliates) may differ from those of other Noteholders or Certificateholders.

The Retention Holder will hold the Retained Interest on the Issue Date – see further the sections entitled "*Certain Regulatory Disclosures – EU Risk Retention and Securitisation Regulation Requirements*" and "*Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements*".

In addition to the above, in relation to the Retention Holder and the Seller, on the Issue Date, certain funds managed and/or sub-advised by Davidson Kempner Capital Management LP will acquire all of the H Notes, the Z1 Notes and the Z2 Notes. Certain funds managed and/or sub-advised by Davidson Kempner Capital Management LP may acquire interests in other Classes of Notes. This may lead to conflicts of interest with a Noteholder or Certificateholder, and the Noteholder or a Certificateholder may suffer loss as a result.

Minimum Denominations

The Notes have a denomination consisting of a minimum authorised denomination of £250,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if registered definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a registered definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If registered definitive Notes are issued, Noteholders should be aware that registered definitive Notes which have a denomination that is not an amount which is at least the minimum authorised denomination may be particularly illiquid and difficult to trade.

Considerations relating to Book-Entry Interests

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

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

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to a nominee of the Common Safekeeper. Upon receipt of any payment from the relevant Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect

payments to owners of Book Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book Entry Interests or for maintaining, supervising or reviewing any records relating to such Book Entry Interests.

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

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

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

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

Risks related to the Loans

Borrowers may default on their obligations

Borrowers may default on their obligations under the Loans and as of the Target Pool Cut-off Date, 13.87 per cent. of the Loans (including Non-Performing Loans) in the Target Mortgage Pool (by Current Balance) are in arrears of more than one month. 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' personal or financial circumstances may adversely affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (or analogous proceedings) 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.

If a Borrower fails to repay its Loan and the related Property is repossessed, and/or the security over the Property is enforced, the likelihood of there being a net loss on disposal of the Property is increased by a higher loan-to-value ratio.

In order to enforce a power of sale in respect of a Property, the relevant mortgagee or heritable creditor (which may be the Seller or the Issuer) must first obtain possession of the relevant Property. Possession is usually obtained by way of a court order or decree, although this can be a lengthy and costly process and will involve the mortgagee assuming certain risks. If obtaining possession and arranging the marketing and sale of properties 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 payment may be reduced further if the mortgagee's or heritable creditor's method for obtaining possession of properties permitted by law is restricted in the future.

As of the Target Pool Cut-Off Date, 3.38 per cent. of the Loans in the Target Mortgage Pool (by Current Balance) constitute part and part Loans. Part and part Loans are originated with a requirement that the Borrower is only required to pay regular payments of principal in relation to part of the Loan. The Borrower is required to pay only scheduled interest payments on the other part of the Loan. As such, there is no scheduled amortisation of principal on part of the Loan. Consequently, upon the maturity of a part and part Loan, the Borrower will be required to make a "bullet" repayment on part of the Loan that will represent the entirety of the principal amount outstanding in relation to such part. The ability of such a Borrower to repay the interest only element of a part and part Loan at maturity may often depend on such Borrower's ability to refinance the relevant Property or obtain funds from another source such as pension policies, personal equity plans or endowment policies. The ability of a Borrower to refinance the relevant Property will be affected by a number of factors, including the value of the relevant property, the Borrower's equity in the property, the financial condition of the Borrower and general economic conditions at the time. If a Borrower cannot repay the interest only element of a part and part Loan, a loss may occur and this may affect payments on the Notes and/or Certificates.

Risks associated with Loans to Borrowers with credit impairments

The Target Mortgage Pool comprises certain Loans made to Borrowers who may have impairments to their credit profile, such as a county court judgment (or a Sheriff Court decree, being the Scottish equivalent of a county court judgment, or an enforcement of Judgments office order being the Northern Irish equivalent of a county court judgment), an individual voluntary arrangement, debt arrangement scheme or a bankruptcy order. Loans made to Borrowers with credit impairments may experience higher rates of delinquency, write-offs and enforcement than have historically been experienced by Loans made to Borrowers without credit impairments and therefore carry a higher degree of risk.

In addition, whilst the underwriting standards of originators generally consider, among other things, a Borrower's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property and those underwriting standards are used with a view, in part, to mitigating the risks in lending to Borrowers, the Seller was not the originator of the Loans and therefore has limited knowledge as to the origination and lending policies used by the Originators in relation to the Loans (see section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*"). The Originators provided exceptions of certain underwriting standards in the origination of certain Loans on a case-by-case basis, but the Seller does not have knowledge as to the specific exceptions provided by the Originators and which or how many of the Loans were originated pursuant to such exceptions.

Risks of losses associated with declining real estate values

An investment in securities such as the Notes, the VRR Loan Note and the Certificates that generally represent a secured debt obligation (the security being in respect of Loans beneficially owned by the Issuer) may be affected by, among other things, a decline in real estate values and changes in the Borrowers' financial condition. All of the Properties are located in England, Wales, Scotland or Northern Ireland. See Table 23 "*Distribution of Loans by Region*" under "*Provisional Mortgage Portfolio as at June 15, 2019 (the "Target Pool Cut-off Date")*". Certain areas of the United Kingdom may from time to time experience declines in real estate values such as has been seen in recent times. No assurance can be given that values of the Properties have remained or will remain at their levels on the dates of origination of the related Loans. If the residential real estate market in England, Wales, Scotland or

Northern Ireland should experience an overall decline in property values such that the values of the Properties may have reduced during the period starting from the origination of the related Loans until the end of the maturity of the Notes, and the outstanding balances of the Loans become equal to or greater than the value of the Properties, such a decline could in certain circumstances result in the value of the interest in the Properties created by the Mortgages being significantly reduced and in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes and Certificates.

Risk of Losses associated with high LTV Mortgage Loans

As of the Target Pool Cut-Off Date, approximately 5.11 per cent. of the Loans in the Target Mortgage Pool (by Current Balance) have a current Loan to Value Ratio (being the Current Balance divided by valuation as at the latest advance) equal to or in excess of 100 per cent. There can be no assurance that mortgage loans with higher Loan to Value Ratios will not experience higher rates of delinquency, write-offs, enforcement and bankruptcy than mortgage loans with lower Loan to Value Ratios.

Risks associated with Buy-to-Let Loans

As of the Target Pool Cut-Off Date, 3.66 per cent. of the Loans in the Target Mortgage Pool (by Current Balance) are Buy-to-Let Loans in relation to which the Borrower's ability to service such Loans is likely to depend on the Borrower's ability to lease the relevant Properties on appropriate terms. There can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Mortgage is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage and/or that the rental income achievable from tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Mortgage.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Mortgage Administrator may not be able to obtain vacant possession of the Property, in which case the Mortgage Administrator will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which the Mortgage Administrator could realise upon enforcement of the Mortgage and a sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the Mortgage. However, enforcement procedures in relation to such Mortgages include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Mortgage. It should be noted that under Scots law, a receiver cannot be appointed under a standard security and the only enforcement that can be carried out is a full enforcement of the standard security. It cannot be enforced selectively, for example by attaching to rental income. Accordingly, in Scotland any attempt to enforce and/or secure the rental income flows will depend upon enforcement of the standard security. For further information, see "*Administration, Servicing and Cash Management of the Mortgage Pool*".

Further, the UK Government has passed legislation restricting the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest) to the basic rate of tax. Such restriction is being introduced gradually with the first stage of changes applying from 6 April 2017. From 1 April 2016, a higher rate of stamp duty land tax ("**SDLT**") (and, from 1 April 2018, Welsh land transactions tax ("**WLTT**")) applied to the purchase of additional residential properties (such as buy-to-let properties). The current additional rate is three per cent. above the current SDLT and WLTT rates. The Scottish Government has implemented a similar additional dwelling supplement tax with effect from the same date in respect of land and buildings Transaction Tax ("**LBTT**") (broadly speaking, the equivalent in Scotland to SDLT). The current additional rate is, for properties located in England and Wales, three per cent. above the current SDLT and WLTT rates. In respect of Scottish Properties, the current additional rate is an additional 4 per cent. of the full chargeable consideration of the property (where the property is valued at £40,000 or more). The introduction of these measures may adversely affect the private residential market in England, Wales, Scotland and Northern Ireland in general, or (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy-to-Let Loans to meet their obligations under those Loans.

Risks associated with Self-Certified Loans¹

As of the Target Pool Cut-Off Date, 28.98 per cent. of the Loans² in the Target Mortgage Pool (by Current Balance) are loans in respect of which income and employment details of the relevant Borrower are not substantiated by supporting documentation (such loans being "**Self-Certified Loans**"). Self-Certified Loans may suffer higher rates of delinquencies, enforcements and losses compared with Mortgages in respect of which supporting documentation has been provided in respect of the income or employment details of the Borrower. Such delinquencies, enforcements and losses may lead to a reduction in the amounts available to the Issuer and, ultimately, affect its ability to make payments under the Notes.

Risk of losses associated with Interest Only Loans

As of the Target Pool Cut-Off Date, 64.49 per cent. of the Loans in the Target Mortgage Pool (by Current Balance) constitute interest only Loans. Interest only Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an interest only Loan, the Borrower will be required to make a "bullet" repayment that will represent the entirety of the principal amount outstanding thereof. The ability of such a Borrower to repay an interest only Loan at maturity may often depend on such Borrower's ability to refinance the relevant property or obtain funds from another source such as pension policies, personal equity plans or endowment policies. The ability of a Borrower to refinance the relevant property will be affected by a number of factors, including the value of the relevant property, the Borrower's equity in the property, the financial condition of the Borrower and general economic conditions at the time. If a Borrower cannot repay an interest only Loan, a loss may occur and this may affect payments on the Notes, the VRR Loan Note and/or Certificates.

Risks associated with Flexible Loans

As of the Target Pool Cut-Off Date, 0.14 per cent. of the Loans in the Target Mortgage Pool (by Current Balance) are Loans (such loans being "**Flexible Loans**") where the relevant Borrower may, subject to the satisfaction of certain conditions, be entitled to (i) request a further drawing of money under that Borrower's Loan which such Borrower is contractually permitted to demand (each such repayment being a "**Redraw**") or (ii) cease to make or underpay scheduled monthly payments on that Borrower's Loan for a specified period of time (each a "**Payment Holiday**").

The terms of the Flexible Loans contain an "overpayment" provision under which the Borrower may make an overpayment, subject to certain conditions, including: (i) the overpayment is more than £500; and (ii) an additional funding fee may be payable.

The terms of the Flexible Loans also contain certain conditions relating to Redraws and Payment Holidays. The Mortgage Administrator will, consider any request for a Redraw or a Payment Holiday by reference to the conditions specified in the Flexible Loans. The conditions for Payment Holidays include: (i) the Borrower has to give one month's prior written notice to the Mortgage Administrator; (ii) 6 consecutive monthly payments must have already been paid by the Borrower prior to taking such Payment Holiday; (iii) a Payment Holiday may only be taken by the Borrower for up to 6 months in any 12 month period; and (iv) a Payment Holiday may only be taken so long as the balance of the Loan remains within the Agreed Loan Limit. The conditions for Redraws include: (i) the Borrower has to give at least 7 days' written notice to the Mortgage Administrator; (ii) the balance of the Loan after utilising the Redraw must not be greater than the Agreed Loan Limit; and (iii) the minimum amount of such drawdown must be at least £500. All Redraws are intended to be funded from amounts standing to the credit of the Principal Ledger or the Collection Account. To the extent that the Issuer does not have sufficient funds in the Principal Ledger or the Collection Account to advance such Redraws, a Repurchase Event will be triggered and any Loan or its Related Security in respect of such Repurchase Event will be sold, retransferred or reassigned to the Seller within 15 Business Days of notification by the Issuer to the Seller, the Trustee and the Legal-Title Holder of such Repurchase Event.

¹ All self-certified loans were originated prior to March 20, 2014.

² Loan parts which do not have data for this field are not considered to have this characteristic for computation purposes.

To the extent that Borrowers under Flexible Loans consistently prepay principal, the timing of payments on the Notes and the VRR Loan Note may be adversely affected. There may be a shortfall in interest receipts and/or principal receipts as a consequence of a Borrower taking a Payment Holiday.

Risks associated with Northern Irish Flexible Loans

If a Redraw in Northern Ireland is construed as a further advance, this may create an issue with priority of the associated Northern Irish Mortgage because it is not possible to protect priority of loans made by further advances indefinitely in Northern Ireland. If a Redraw is construed as a further advance, priority might be capped or limited by virtue of a later charge or mortgage registered at the Registries of Northern Ireland after registration of the Northern Irish Mortgage. Lenders are generally advised to conduct updated searches at the Registries of Northern Ireland before any further advances are made to ensure that no such charge or mortgage has been registered. Registration of inhibitions at the Land Registry of Northern Ireland will also provide a degree of protection if these were completed but will not apply to Northern Irish Mortgages that are registered at the Registry of Deeds of Northern Ireland.

Risks associated with Non-Performing Exposures

As of the Target Pool Cut-Off Date, the Target Mortgage Pool comprises 6.70 per cent of the Loans (calculated by Current Balance) which are classified by the Mortgage Administrator as "non-performing exposures". As such it may be more likely that Borrowers do not pay amounts due under the Loans on a continuing basis or at all, which may have an adverse effect on the ability of the Issuer to make payments under the Notes and the VRR Loan Note. In addition, some Borrowers may not be making any scheduled payments of either interest or principal under the Loans which will have an effect on the ability of the Issuer to make payments on the Notes and the VRR Loan Note. Even if Borrowers begin making payments on those non-performing exposures (and therefore may become fully or partially re-performing), the fact that such Borrowers have previously been in default under the relevant Loans may mean that it is more likely they will default again, which will similarly reduce the amount received by the Issuer and potentially have an adverse effect on the ability of the Issuer to make payments on the Notes and the VRR Loan Note. In addition if the relevant Loan is enforced and the security held by the Issuer (if any) is realised, the Issuer may recover less than the Unpaid Total Claims Balance (as defined below, the "UTCB") of the relevant Loan which will in turn reduce the amount that the Issuer will have or available funds which can be used by the Issuer to make payments under the Notes and the VRR Loan Note.

UTCB means in relation to a Loan all amounts due or accrued in respect of a Loan including but not limited to (a) principal amounts outstanding under the Loan (whether or not such amounts are due) including (without double counting) any capitalised interest, capitalised fees, costs and expenses that have been added to the principal balance of such Loan, (b) interest amounts due on the Loan, (c) accrued interest, (d) fees, costs and expenses due in respect of the relevant Loan and (e) any written off amounts.

Lending Criteria

The Mortgage Pool comprises Loans secured on residential properties. The Mortgage Pool comprises Loans made to Borrowers that include Borrowers who at origination were self-employed individuals who self-certified their income or were applying for the Loan to purchase buy-to-let properties and includes Borrowers who are individuals and who may previously have been subject to a county court judgment or enforcement of Judgments office order, an individual voluntary arrangement or bankruptcy order or Scottish equivalent. Loans made to such Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy (or analogous proceedings) than have historically been experienced by Loans made to Borrowers without these characteristics and, therefore, carry a higher degree of risk.

The Loans were originated by multiple Originators and during the period from July 1987 to March 2016. As a result, they were originated under multiple sets of origination guidelines, not all of the requirements of which are known to the parties. In addition, Loans and the related properties and Borrowers that were in compliance with the guidelines under which they were originated may not be in compliance with all such guidelines as of the date hereof and such deviations could have a material effect on the performance of the applicable Loans (see section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*").

Remedy for breach of warranties

The sole remedy (save as described below) of the Issuer and the Trustee in respect of a breach of warranty which would have a material adverse effect on the value of the relevant Loan and related Mortgage (other than where such breach was disclosed at the point of sale to the Issuer (see "*Sale of the Mortgage Pool – Warranties and Repurchase*")) and which, if capable of remedy, is not so remedied by the Seller within 21 days of notification of such breach to that Seller by or on behalf of the Issuer, shall be the requirement that the Seller repurchase, any Loan which is the subject of any breach in return for a cash payment equal to the principal balance of the relevant Loan and all due but unpaid interest, or at the option of the Seller, as applicable, the payment in lieu of repurchase in an amount equal to the loss suffered by the Issuer provided that the amount payable by the Seller in lieu of a repurchase shall not be greater than the amount that would have been payable by the Seller if it had repurchased the relevant Loan and its Related Security, **provided that** this shall not limit any other remedies available to the Issuer and/or the Trustee if the Seller fails to repurchase a Loan or make a payment when obliged to do so. However, there can be no assurance that the Seller will honour, or have the financial resources to honour, such obligations under the Mortgage Sale Agreement (see section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*"). This may affect the quality of the Loans and their related security in the Mortgage Pool and, accordingly, the ability of the Issuer to make payments due on the Notes and/or Certificates.

The Seller's indemnities are not subject to any time limits, claim thresholds or financial caps. However, the Issuer's recourse against the Seller in relation to any repurchase or indemnity payments is limited to the amount recovered by the Seller for corresponding indemnity claims under the Assignment and Indemnity Agreement. The Seller will only be liable under the representations and warranties to the extent that it receives amounts from the Original Mortgage Portfolio Option Holder under the Assignment and Indemnity Agreement. The Sponsors have no obligation to advance any amounts or provide any financial or other support of any nature to the Seller, and neither the Sponsors nor any other person will guarantee or act as surety for any obligations of the Seller. Other than its rights arising under the Assignment and Indemnity Agreement and any amounts received thereunder, the Seller is not expected to have any material sources of funds. Although the Original Mortgage Portfolio Option Holder's liabilities to the Seller are not subject to time limits, claim thresholds or financial caps, the Original Mortgage Portfolio Option Holder may have limited resources to satisfy such liabilities. The Original Mortgage Pool Option Holder has agreed on the Issue Date and whilst the Notes are outstanding to retain a cash amount of £7,500,000 (less amounts paid out by the Original Mortgage Pool Option Holder) to cover liabilities of the Original Mortgage Portfolio Option Holder towards the Seller under the Assignment and Indemnity Agreement (including amounts due in respect of any liability for breach of representation and warranty in respect of the Loans and their Related Security). To the extent that any amount is used by the Seller to fund a payment or liability under the Assignment and Indemnity Agreement, there is no additional requirement for the Original Mortgage Pool Option Holder to top up any cash to the initial amount of £7,500,000.

Without prejudice to the Seller's obligation to repurchase or indemnify described in the paragraph above, upon receipt of a Loan Repurchase Notice or upon giving prompt notice, following receipt of a Loan Repurchase Notice, to pay an amount equal to the Repurchase Price to the Issuer prior to the Repurchase Date, the Seller has undertaken in the Mortgage Sale Agreement to enforce its rights, powers or remedies provided to it under the Assignment and Indemnity Agreement or as otherwise provided by law, without delay (including, without limitation, in respect of all obligations and/or breach of representations and warranties) in favour of the Seller in relation to each Loan and its Related Security, and promptly to pass to the Issuer the proceeds of such exercise to the extent that such amounts are payable to the Issuer by the Seller under the Mortgage Sale Agreement. In addition to this, the Seller will declare a trust for the benefit of the Issuer in relation to all proceeds received under the Assignment and Indemnity Agreement in relation to the Mortgage Loans and Related Security and grant to the Issuer an irrevocable power of attorney, to allow the Issuer to enforce the Seller's rights under the Assignment and Indemnity Agreement, to the extent that the Seller does not do so.

Accordingly, there can be no assurance that, should the Issuer claim against the Seller under the Mortgage Sale Agreement for a breach of the loan warranties described above, the Seller will have the ability to make a corresponding claim against the Original Mortgage Portfolio Option Holder, or that (in the absence of being able to do so) the Seller would otherwise have the resources to meet such a claim. In such circumstances, there may be a material and adverse impact on the ability of the Issuer to meet its payment obligations under the Notes, and the

VRR Loan Note and the Certificates. The Issuer's recourse against the Seller in relation to any repurchase or indemnity payments is limited to the amount recovered by the Seller for corresponding repurchase or indemnity claims under the Assignment and Indemnity Agreement.

Terms of interest-only Loans may be amended resulting in the Issuer and Noteholders and VRR Loan Noteholder receiving earlier redemption payments on the relevant Loan and the relevant Notes and the VRR Loan Note

Each Loan in the Mortgage Pool may be repayable either on a capital repayment basis or an interest-only basis (see "*Constitution of the Mortgage Pool*") or on a part interest-only and part repayment basis. As of the Target Pool Cut-Off Date, the Mortgage Pool contains 64.49 per cent. interest-only Loans, calculated on the basis of the Current Balance of the Target Mortgage Pool. 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, it is generally recommended that Borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. The Seller does not have and the Issuer will not have the benefit of any investment policies taken out by Borrowers.

The ability of a Borrower to repay an interest-only Loan at maturity will often depend on such Borrower's ability to refinance or sell the Property or to obtain funds from another source such as pension policies, life policies, personal equity plans or endowment policies (the "**Policies**").

Borrowers of interest-only Loans may not make payment of the premiums due on any relevant investment or from a Policy taken out in relation to repayment of the relevant interest-only Mortgages in full or on time, which Policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the Policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Loan. Thus, 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 responsibility in ensuring that sufficient funds are available from a given source such as any Policies that it has taken out or individual savings accounts, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an interest-only Loan and a loss occurs, this may affect payments on the Notes and the VRR Loan Note if the resulting Principal Deficiency Ledger entry cannot be cured from Available Revenue Funds being applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. The Mortgage Pool is made up of a large proportion of seasoned Loans. As such, a large proportion of Borrowers in the Mortgage Pool have passed the point at which most Borrowers either refinance their borrowing or switch to a repayment loan. A large number of Borrowers who currently have Interest-Only Loans may not switch to a repayment loan prior to the final maturity date of the relevant Mortgage. If a large number of Borrowers are unable to repay their Interest-Only Loan at maturity and there is a high concentration of such Borrowers within a short period of time, the ability of the Issuer to make payments on the Notes and the VRR Loan Note could be adversely affected.

As a result of recent UK government attention, borrowers with interest-only mortgage loans have been encouraged to switch to a repayment loan, whereby the principal of the loan is repaid over its term. Should a Borrower elect, subject to the consent of the Legal Title-Holder and the Mortgage Administrator, to amend the terms of its Loan from an interest-only Loan to a Repayment Loan, the relevant Loan would remain with the Issuer as part of the Mortgage Pool, resulting in the Issuer, the Noteholders, and the VRR Loan Noteholder receiving redemption payments on the relevant Loan and the relevant Notes (including the VRR Loan Note), respectively, earlier than would otherwise be the case.

Lack of control by Noteholders and the VRR Loan Noteholder

The servicing of the Loans will be carried out by the Mortgage Administrator (or any delegate or replacement thereof, as the case may be) with certain functions and discretions being exercised by the Legal Title-Holder. None of the Noteholders, the VRR Loan Noteholder or the Certificateholders will have right to consent to, or approve of, any actions set forth in the Mortgage Administration Agreement. See "*Administration, Servicing and Cash Management of the Mortgage Pool – Mortgage Administration Agreement*".

Target Mortgage Pool and Selection Process

The information in the section entitled "*Characteristics of the Target Mortgage Pool*" has been extracted from the administrative systems relating to the Mortgage Pool as at 15 June 2019 (the "**Target Pool Cut-Off Date**"). The pool of Loans (the "**Target Mortgage Pool**") as at the Target Pool Cut-Off Date comprised of 28,297 Loans with an aggregate Current Balance of £2, 518,749,257. The Target Mortgage Pool consists of Loans that were legally and beneficially owned by the Original Sellers (and originated by the Originators) and, subsequently (and prior to their sale by the Seller to the Issuer), beneficially owned by Hawksmoor Mortgages 2016-1 plc and Hawksmoor Mortgages 2016-2 plc (jointly referred to as the "**Securitisation Issuers**") and purchased by the Seller from the Securitisation Issuers on or about the Issue Date and 900 further loans acquired by the Seller from Junglinster with an aggregate Current Balance of £88,053,398. Legal title to the Loans comprising the Mortgage Pool has been held by KMC since the Migration Date. See section "*Constitution of the Mortgage Pool*".

The characteristics of the Mortgage Pool as at the Issue Date may vary from those of the Target Mortgage Pool as a result of, *inter alia*, the exclusion of Loans which at any time prior to the Target Pool Cut-Off Date are found not to comply with the warranties to be given in respect of the Loans on the Issue Date as set out in the Mortgage Sale Agreement. See sections "*Constitution of the Mortgage Pool*" and "*Characteristics of the Target Mortgage Pool*" for more detail.

Extraction of information contained in this Prospectus

Each of the Arranger and the Joint Lead Managers are entitled to assume that all information provided to them by the Mortgage Administrator for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information, save that the Mortgage Administrator will be required to advise the Joint Lead Managers if they have not been provided with any of those figures which it is required to provide.

Geographic concentration of the Loans

To the extent that specific geographic regions have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the Loans in such a region may be expected to exacerbate all of the risks relating to the Loans described in this section. The Issuer cannot predict when and/or where such regional economic declines may occur, nor to what extent or for how long such conditions may continue, but if the timing and payment of the Loans are adversely affected as described above, the ability of the Issuer to make payments due under the Notes or the Certificates could be reduced or delayed.

No assurance that the Issuer will receive benefit of any claims under Insurance Contracts

The mortgage conditions require Borrowers to have buildings insurance for the relevant Property (save in the case of one set of terms and conditions, which require the lender to maintain buildings insurance for the Relevant Property). However, it will be difficult in practice for the Mortgage Administrator and/or the Issuer to determine whether the relevant Borrower has valid insurance in place at any time. The Issuer does not have the benefit of any contingent insurance to cover the risks of a Borrower failing to have buildings insurance but will have an interest in a policy, which will give the Issuer certain protection in respect of the risks associated with repossessed properties. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under this insurance contract or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property or otherwise cover the losses of the Issuer. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes, the VRR Loan Note and payments due in respect of the Certificates and the VRR Loan Note.

Basis risk and risks associated with interest rates

As described in "*Constitution of the Mortgage Pool – The Mortgage Pool*", interest in respect of the Loans in the Target Mortgage Pool is payable on various bases. As of the Target Pool Cut-off Date, of the Loans in the Target Mortgage Pool (by Current Balance):

- (a) 97.79 per cent. are BBBB Mortgages;

- (b) 0.01 per cent. are Fixed Rate Mortgages;
- (c) 1.14 per cent. are GE MBR³ Mortgages (whereby interest is set by reference to a standard variable rate);
- (d) 0.50 per cent. are FN SVR Mortgages ("**FN SVR Mortgages**") (whereby interest is set by reference to a legacy standard variable rate used by First National Home Finance Limited ("**First National**"));
- (e) 0.38 per cent. are BBR Mortgages;
- (f) 0.07 per cent. are SCVR Mortgages (whereby interest is set by reference to a legacy standard variable rate used by First National);
- (g) 0.10 per cent. are Natwest Mortgages (whereby interest is set by reference to a Natwest variable rate, (which is set by reference to the BBR));
- (h) 0.01 per cent. are MBS – SCVR Mortgages (whereby interest is set by reference to a legacy standard variable rate used by First National);
- (i) 0.01 per cent. are Fixed for Life Mortgages;
- (j) less than 0.00 per cent. are MBS – SVR Mortgages (whereby interest is set by reference to a legacy standard variable rate used by First National);
- (k) less than 0.00 per cent. are FNB Mortgages (whereby interest is set by reference to a legacy standard variable rate used by First National); and
- (l) less than 0.00 per cent. are Lombard Mortgages (whereby interest is set by reference to a legacy standard variable rate used by First National).

Upon expiry of the fixed rate period relating to the Loans with Fixed Rate Mortgages, these Fixed Rate Mortgages will revert to being Non-Tracker Variable Rate Mortgages or BBBR Mortgages.

If the BBBR is no longer available in relation to any Loans in respect of which interest is calculated based on the BBBR, the alternate interest rate which KMC as Legal Title-Holder would use under the relevant mortgage conditions would be no lower than the lower of the BBR or Three-Month Sterling LIBOR. Please refer to "*Risks related to the Notes, the VRR Loan Note and the Certificates – Changes or uncertainty in respect of LIBOR, SONIA and Reference Banks may affect value of Mortgage Loans, the Notes and the payment of interest thereunder*" above.

As a result of the Loans having these different bases, the Issuer is subject to the risk of a mismatch between the interest rate received by the Issuer on the Loans, such potential mismatch being caused by:

- (a) the interest rates received by the Issuer on the Loans being determined on different dates than that on which the interest rate payable on the Notes is determined (the interest rate on the Notes (other than the H Notes and Z2 Notes) is determined by to Compounded Daily SONIA); and
- (b) prior to the expiration of the relevant fixed rate, the interest rates received by the Issuer on the Fixed Rate Mortgages being determined on a different basis than that on which the interest rate payable on the Notes is determined.

The Issuer will not enter into any swap agreement in respect of the difference between the rates of interest payable on the Loans in the Target Mortgage Pool and interest payable on the Notes.

Fluctuations in the value or the method of calculation of LIBOR and SONIA or the discontinuation of LIBOR and SONIA could potentially result in (i) the contractual interest rates on the Loans being lower than that required by the Issuer in order to meet its commitments under the Notes and its other obligations and (ii) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes.

The interest rate payable under the Non-Tracker Variable Rate Mortgages is calculated by reference to the different variable rates, depending on the relevant Originator of the Non-Tracker Variable Rate Mortgage. In each case,

³ As of March 2019, GE MBR is referred to as the Kensington Mortgage Base Rate and is set at 4.05% in accordance with the applicable mortgage conditions.

SVR is set by the Legal Title-Holder in accordance with the applicable mortgage conditions. The interest rate payable under the BBBR Mortgages is calculated by reference to the BBBR. The BBBR is typically based on the Bank of England base rate, though it is not guaranteed to do so. The interest rate payable under the BBR Mortgages is calculated by reference to the BBR. The interest rate payable under the fixed rate mortgages is calculated by reference to a fixed rate or a series of fixed rates (being, during each such period, a "**Fixed Rate Mortgage**"). After the fixed rate period, the Loan will revert to a Non-Tracker Variable Rate Mortgage or a BBBR Mortgage. The interest rate payable under the fixed rate for life mortgages is calculated by reference to a fixed rate or a series of fixed rates and which is fixed for the life of the loan ("**Fixed for Life Mortgages**"). The interest rate payable under the Natwest Mortgages is calculated by reference to the BBR. Each of the interest rates detailed above may be subject to variations, save for the Fixed Rate Mortgages and the Fixed Rate for Life Mortgages. The Issuer could be subject to a higher risk of default in payment by a Borrower under their Mortgage as a result of an increase in the applicable rate.

In the case of certain of the BBBR Mortgages, the Legal Title-Holder may replace BBBR with a new base rate linked to Three-Month Sterling LIBOR (the "**Kensington Base Rate**"), such a change being a "**Base Rate Change**". The Base Rate Change shall be implemented by the Legal Title-Holder in accordance with the applicable Mortgage Conditions, the standard of a Prudent Mortgage Lender and any Applicable Law.

In addition, the Issuer is subject to the risk of the weighted average coupon of interest received in respect of the Mortgage Pool being reduced due to Loans with higher interest margins being repaid more quickly than Loans with lower interest margins ("**Margin Compression**").

The Issuer is also subject to the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes which risk partially is mitigated by (i) the Transaction Account, which pays a rate of interest agreed from time to time between the Issuer (or the Cash Administrator on its behalf) and the Account Bank on funds standing to the credit thereof and from which, the Issuer may invest (or direct the Cash Administrator in writing to do so on its behalf) sums in Authorised Investments, and (ii) (for so long as the Loans are fully performing) the availability of the Reserve Fund or Available Principal Funds, each of which are available to meet payments of interest due under the A Notes, B Notes, C Notes, D Notes, the E Notes, the F Notes, the G Notes, the Class S Payments due under the S Certificates, amounts due in respect of the VRR Loan Note and the senior expenses of the Issuer.

Increases in applicable variable rates may result in Borrowers with a loan subject to a variable rate of interest or with a loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward. This increase in Borrowers' monthly payments, ultimately may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid these increased monthly payments (caused by, for example, a rise in the related mortgage interest rates) by refinancing their loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses.

Claims against third parties

The Seller has assigned its causes and rights of action against solicitors, qualified and licensed conveyancers and valuers to the Issuer pursuant to the Mortgage Sale Agreement, to the extent that they are assignable (or such claims and rights of action are otherwise being held on trust for the Issuer pursuant to each Scottish Declaration of Trust). However, the Seller was not the originator of the Loans in the Mortgage Pool, and the said rights may therefore not have been effectively or validly assigned to it by the relevant Original Seller. The relevant Original Seller and/or Originator of the Loans may also have waived its causes and rights of action against solicitors, qualified and licenced conveyancers and valuers (or, if an Original Seller itself acquired the relevant Loan from a third party, any causes and rights of action against solicitors, qualified and licensed conveyancers and valuers may not have been validly assigned to that Original Seller by that vendor third party). The Issuer may therefore not have any direct rights against any solicitors, qualified and licensed conveyancers and valuers who, when acting for the

relevant Original Seller (or Originator) in relation to the origination of the Loan, may have been negligent or fraudulent.

Equally, no assurance can be provided that such solicitors, qualified and licenced conveyancers and valuers have not, since origination of the applicable Loans, been wound-up, struck-off or become insolvent or, in the case of individuals, died or been declared bankrupt. In particular, it should be noted that the Seller is aware that the Original Sellers entered into a settlement agreement in respect of an insolvent valuer. Whilst this settlement agreement primarily related to loans which are not in the Target Mortgage Pool, the Seller understands that the settlement is in respect of all rights against the valuer. The Seller is aware that the Target Mortgage Pool (and consequently, the Completion Mortgage Pool) may include Loans secured on properties which were valued by that valuer. To the extent the Completion Mortgage Pool included such Loans neither the Issuer nor the Legal Title-Holder would have any rights against this valuer should such valuations turn out to have been performed negligently.

Searches, Investigations and Warranties in relation to the Loans

Neither the Trustee, the Seller, the Arranger, the Joint Lead Managers (or any of their respective affiliates) nor 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 Mortgage Pool and each relies instead on the warranties given in the Mortgage Sale Agreement by the Seller (see "*Sale of the Mortgage Pool – Warranties and Repurchase*" for a summary of these). Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. Although the Seller will give certain representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Mortgage Pool and initially acquired its interest in the Loans and their Related Security from the Original Sellers in December 2015 and April 2016 (see section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*"). Subsequently, the Seller assigned its beneficial interest and title in the Loans and their Related Security to the Securitisation Issuers (although the Seller retained material credit risk on the Loans and their Related Security sold to the Securitisation Issuers). On the Issue Date, the Seller will reacquire beneficial interest in and title to the Loans and their Related Security from the Securitisation Sellers. The Securitisation Issuers will not have any on-going rights or obligations in relation to the Loans and their Related Security and will not be liable for the obligation of the Issuer in respect of the Notes, the VRR Loan Note or the Certificates or the obligations of the Seller under the Transaction Documents.

The Seller does not have direct knowledge as to whether certain loan warranties (including the loan warranties which relate to the origination process) are correct or not. Accordingly, since the Seller does not have direct knowledge as to matters relating to the actual origination of the Loans, it may not have actual knowledge of any relevant matters which give rise to a breach of warranty. Therefore, certain warranties relating to, amongst other things, the origination process are necessarily qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller as there is no ongoing active involvement of the Original Sellers of the Loans to monitor or notify any defect in relation to the circumstances of the Loans.

The primary remedy of the Issuer against the Seller if any of the warranties made by the Seller are materially breached or prove to be materially untrue as at the Issue date (and any such breaches are not remedied in accordance with the Mortgage Sale Agreement), will be to: (a) require the Seller to repurchase any relevant Loan and its Related Security; or (b) make a payment in lieu of repurchase in accordance with the provisions in the Mortgage Sale Agreement. There can be no assurance that the Seller will have the resources to meet any such obligations at the relevant time (see section entitled "*The Seller*"). Further, the Seller shall have no obligation to repurchase any Loans in breach of any Loan Warranty or make any payment in lieu of such repurchase unless the Issuer has given the Seller notice of the event giving rise to the obligation to repurchase before the Call Option Date or the date upon which the Mortgage Pool Option Holder has served an Exercise Notice pursuant to the Mortgage Pool Option or a notice exercising the Risk Retention Regulatory Change Option. In each case, none of the Issuer, the Trustee, the Arranger, the Joint Lead Managers, the Noteholders, the Certificateholders or any other

Secured Creditor will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations.

Knowledge of matters with respect of the Loans represented in loan warranties

Neither the Seller nor the Retention Holder are the originator of the Loans comprised in the Mortgage Pool. The Seller will acquire its interest in the Loans (other than the Additional Loans) from the Securitisation Issuers pursuant to the exercise of an option (it having acquired the rights to exercise the option from Junglinster who itself acquired the relevant Mortgage Loans and Related Security from the Original Sellers). The Seller will acquire its interest in the Additional Loans from Junglinster. In acquiring the Mortgage Pool, the Seller and the Retention Holder and/or entities on their behalf have undertaken due diligence and verifications with respect to the Mortgage Pool, consisting of undertaking legal due diligence, an examination of the regulatory framework and requirements for origination of the Loans in the UK at the time of origination of such Loans, due diligence in relation to the servicing of the Mortgage Pool and, instructing a third party to undertake a review of a sample of the loans on or prior to the Issue Date.

Whilst, the Seller has carried out certain due diligence, as described above, the Seller and the Retention Holder cannot give, from a factual point of view, assurance that the lending criteria of the relevant Originator in respect of the Loans were always applied consistently at the time of origination of the Loans or that different criteria were not applied.

Additionally, neither Seller or the Retention Holder has direct knowledge as to whether certain Warranties (including the Warranties which relate to the origination process) are correct or not. Accordingly, since neither the Seller nor the Retention Holder has direct knowledge as to matters relating to the actual origination of the Mortgage Loans, although the Seller and the Retention Holder has conducted limited due diligence on the relevant Mortgage Loans certain Warranties relating to among other things the origination process are necessarily qualified by reference to the awareness of the Seller and the Retention Holder. It may be practically difficult for the Seller and/or the Retention Holder to detect a breach of warranty in respect of the Mortgage Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller and the Retention Holder, as there is no ongoing active involvement of the relevant Originator to monitor or notify any defect in relation to the circumstances of the Mortgage Loans. The Mortgage Administrator will have no obligation to monitor compliance with the Warranties following the Issue Date or those warranties given by the Seller and the Retention Holder pursuant to the Mortgage Sale Agreement. To the extent that the Mortgage Administrator identifies any events or circumstances as those particularly detailed in the Mortgage Administration Agreement, which may be relevant to the Warranties, the Mortgage Administrator shall inform the Issuer and the Trustee in writing of such events or circumstances, however none of the Mortgage Administrator, the Seller, the Retention Holder the Legal Title Holder, the Arranger, the Joint Lead Managers, the Trustee or the Issuer will monitor compliance with the Warranties.

General Risk Factors and Certain Tax and Regulatory Considerations

General

General legal investment considerations

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

Changes of law

The structure of the transaction and, *inter alia*, the issue of the Notes, the VRR Loan Note, the Certificates, and the ratings which are to be assigned to the Rated Notes are based on the relevant law, tax, accounting, regulatory and administrative requirements and practice, in effect as at the date of this Prospectus and having due 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 the relevant law, tax, regulatory, accounting (and any change in regulation which may occur without a change in primary legislation), administrative practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes, the VRR Loan Note or the Certificates.

General market volatility and UK withdrawal from the EU

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular with respect to current economic, monetary and political conditions in the Eurozone. If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any member state(s) from the European Union and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the transaction documents (including the seller, the servicer, the account bank and/or the swap providers) and/or any borrower in respect of the underlying loans.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union and, on 29 March 2017, the UK Government invoked article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the "**article 50 withdrawal agreement**"). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020 and possibly longer.

The article 50 withdrawal agreement has not yet been ratified by the UK or the European Union. The parties have agreed to an extended time line which allows for ratification to take place any time prior to 31 October 2019. To the extent ratification does take place ahead of 31 October 2019, the UK would leave on the first date of the month following ratification. However, it remains uncertain whether the article 50 withdrawal agreement, or any alternative agreement, will be finalised and ratified by the UK and EU ahead of the 31 October deadline. If the deadline is not met, unless the negotiation period is further extended or the Article 50 notification is revoked, the Treaty on the European Union and the Treaty on the Functioning of the EU will cease to apply to the UK and the UK will lose access to the EU single market. Whilst continuing to discuss the article 50 withdrawal agreement and political declaration, the UK Government has commenced preparations for a "hard" Brexit (or "no-deal" Brexit) to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book after any exit without a transitional period.

Due to the ongoing political uncertainty as regards the terms of the UK's withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the precise impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any borrower in respect of the underlying loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under European Union regulation or more generally.

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the Issuer to satisfy its obligations under the notes and/or the market value and/or liquidity of the notes in the secondary market.

Income tax in Scotland

The Scotland Act 2016 came into force on 23 March 2016 and devolves, amongst other things, control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Whilst the majority of the provisions are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, for the first time the rates

and thresholds for income tax that apply to the non-savings and non-dividend income of Scottish taxpayers differ from those applied throughout the rest of the UK. On 6 April 2018, the higher and additional rates of tax in Scotland were both increased. In addition, the basic rate of tax was split into three tiers (a starter rate, a basic rate and an intermediate rate). The changes mean that certain taxpayers in Scotland now pay a higher level of tax than borrowers in the same income bracket in England and Wales. This may affect some borrowers' ability to pay amounts when due on the mortgage loans originated in Scotland which, in turn, may adversely affect the ability of the Issuer to make payments under the Notes and the VRR Loan Note.

Fixed charges may take effect under English and Northern Irish law as floating charges

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges over, amongst other things, its interests in the English Mortgages, the Northern Irish Mortgages and their Related Security and its rights and benefits in the Transaction Account, and its beneficial interests in the Collection Accounts.

The law in England, Wales and Northern Ireland relating to the characterisation of fixed charges is not settled. The fixed charges purported to be granted by the Issuer may take effect under English law or the laws of Northern Ireland as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the charged property for the security to be said to "fix" over those assets. It should be assumed by Noteholders and the VRR Loan Noteholder that the fixed charges will take effect as floating charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Trustee in respect of the floating charge assets. In particular, the expenses of any administration and the claims of any preferential creditors would rank ahead of the claims of the Trustee in this regard. The Enterprise Act 2002 (in Northern Ireland the Insolvency (Northern Ireland) Order 2002) abolished the preferential status of certain Crown debts (including the claims of the United Kingdom tax authorities). However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents not to have any employees.

In addition, section 176A of the Insolvency Act 1986 (in Northern Ireland article 150A of the Insolvency (Northern Ireland) Order 1989) requires any administrative receiver, administrator or liquidator appointed in respect of the Issuer to set aside 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 (as described in more detail below under "*Effect of the sale of the Mortgage Pool – English and Northern Irish law security and insolvency considerations*").

UK Government Credit Guarantee Scheme, ABS Guarantee Scheme and Financial Services Compensation Scheme not applicable

On 8 October 2008, the UK Government announced the introduction of a new credit guarantee scheme pursuant to which the Government would make available to eligible institutions for an interim period a guarantee of new short and medium-term debt issuance to assist in refinancing maturing, wholesale funding obligations as they fell due. The UK Government indicated that certain debt instruments, including the Notes, were not covered by the guarantee provided under the scheme and, as such, for the avoidance of doubt, the obligations of the Issuer in respect of the Notes are not guaranteed by the UK Government under the above credit guarantee scheme. This scheme was closed to new issuance on 28 February 2010 and the scheme closed upon the expiry of the final guarantee on 26 October 2012. In addition, on 19 January 2009, the UK government announced the introduction of the asset-backed securities guarantee scheme which closed on 31 December 2009. The Notes are not guaranteed by the UK Government under the asset-backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a bank deposit in England and Wales and is not within the scope of the UK Financial Services Compensation Scheme, and accordingly, the Notes will not confer any entitlement to compensation under that scheme. As such, the Notes are obligations of the Issuer only and any potential investors should be aware that they will not be able to have recourse to any of the guarantees or compensation schemes set out above in relation to an investment in the Notes.

Help to Buy Scheme not applicable to Loans in the Mortgage Pool

In March 2013, the UK Government announced the "Help to Buy" Scheme involving two separate proposals to assist home buyers. The first involves a shared equity loan made available by the UK Government to borrowers for

the purchase of new homes (shared equity loans are not available in Northern Ireland). The shared equity loans were available from 1 April 2013. No shared equity loans are included in the Mortgage Pool. The second involves a guarantee provided by the UK Government for loans made to Borrowers allowing up to a 95 per cent. loan to value ratio. The guarantee loans were available from 1 October 2013 (each of the loans under this scheme, a "**Help to Buy Loan**"). The Loans in the Mortgage Pool do not benefit from any guarantee provided under the Help to Buy Scheme and the Mortgage Pool does not contain any Help to Buy Loans.

Equitable and Beneficial interest

Legal title to the Mortgages in the Mortgage Pool over registered land in England, Wales, Northern Ireland and Scotland is, or is in the course of being, registered in the name of the Legal Title-Holder, and will remain with the Legal Title-Holder until the occurrence of certain trigger events under the terms of the Mortgage Sale Agreement (see "*Overview of Credit Structure and Cash Flow – Triggers Tables – Non-Rating Triggers Table – Perfection Events*") or until the Legal Title-Holder exercises its discretion to transfer legal title in the Loans to an authorised third party or a substitute entity, subject to receipt of the Rating Agency Confirmation. The sale by the Seller to the Issuer, of the English Loans, the Northern Irish Loans and Related Security will take effect in equity only. The sale by the Seller to the Issuer of the Scottish Loans and their Related Security is given effect by the Seller (as contractual owner or beneficial title holder) directing the Legal Title-Holder to hold the Scottish Loans and their Related Security on trust for the Issuer pursuant to a Scottish Declaration of Trust. Save in the circumstances mentioned above, no application will be made to the Land Registry, the Registers of Scotland or the Registries of Northern Ireland to register the Issuer as legal owner of the title holder of such Mortgages. Neither the Issuer nor the Trustee will apply to the Land Registry, the Registers of Scotland or the Registries of Northern Ireland to register their interest in such Mortgages. See "*Title to the Mortgage Pool*".

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages by not registering or recording their respective interest in the Land Registry, the Registers of Scotland or the Registries of Northern Ireland (where applicable), a bona fide purchaser from the Legal Title-Holder for value of any of such Mortgages without notice of any of the interests of the Seller, the Issuer or the Trustee (and certain similar third parties) might obtain a good title free of any such interest. Further, the rights of the Issuer and the Trustee may be or become subject to equities or analogous rights (for example, rights of set off as between the relevant Borrowers or insurance companies and the Legal Title-Holder). However, the risk of third-party claims obtaining priority to the interests of the Seller, the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by the Legal Title-Holder, the Seller or the Mortgage Administrator (or any delegate or replacement thereof, as the case may be) of its contractual obligations, representations or warranties or fraud, negligence or mistake on the part of the Seller, the Legal Title-Holder or the Mortgage Administrator (or any delegate or replacement thereof, as the case may be) or their respective personnel or agents. (See "*Title to the Mortgage Pool*"). Furthermore, for so long as neither the Issuer nor the Trustee have obtained legal title, they must join the Legal Title-Holder as a party to any legal proceedings which they may wish to take against any Borrower or in relation to the enforcement of any Mortgage. In this regard, the Legal Title-Holder will undertake, for the benefit of the Issuer and the Trustee, that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or may be required by the Trustee in relation to, any legal proceeding in respect of any Mortgage. In the event that the Legal Title-Holder is in administration, discretionary leave of the court may be required to join the Legal Title-Holder as a party to such proceedings.

Effect of the sale of the Mortgage Pool

The Issuer has considered whether the transfer of the Loans and related security pursuant to the terms of the Mortgage Sale Agreement (including, in the case of the Scottish Loans and Related Security pursuant to the Scottish Declaration of Trust) is effective to transfer to the Issuer the beneficial ownership of and interest in (but not, without further steps being taken, the legal estate in or title to) the Loans, Mortgages and Related Security. The Issuer has been advised that, subject to certain assumptions and qualifications, on the basis of the principles set out in *Re George Inglefield* 1933 Ch 1, as considered and applied by the Court of Appeal in *Welsh Development Agency v Export Finance Co. Ltd.* 1992 BCC 270, an English court would find the transfer was not made by way of security and therefore would not be void against a liquidator, administrator or creditor of the Legal Title-Holder or the Seller. The Issuer has likewise been advised that subject to certain assumptions and qualifications, a Scottish

Court would reach the same conclusion in relation to the Scottish Loans. A number of English decisions referred to herein would not strictly bind a court in Northern Ireland, but would be regarded as persuasive authority. The Issuer has further been advised that on that basis and subject to certain assumptions and qualifications, a court of Northern Ireland would reach the same conclusion in relation to the Northern Irish Loans, Northern Irish Mortgages and their Related Security. If a court were to find otherwise, investors could be adversely affected.

Enforceability of Judgments

The Issuer is a public limited company registered in England and Wales. All of the Issuer's assets are located outside the United States. None of the officers and directors of the Issuer is a resident of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or any such person not residing in the United States with respect to matters arising under the federal securities laws of the United States, or to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in England and Wales, in original actions or in actions for the enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States.

Risks relating to the Cash Administrator and incorrect payments

The Conditions provide that, if, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders of any Class and/or the Certificateholders) pursuant to the Pre-Enforcement Priority of Payments, the Cash Administrator will, to the extent the same is possible, rectify the same by increasing or reducing payments to such party (including the Noteholders of any Class), as appropriate, on each subsequent Interest Payment Date or Interest Payment Dates to the extent required to correct the same (as set out in the Cash Administration Agreement). Accordingly, increased or reduced payments may be made to Noteholders and/or Certificateholders.

In circumstances where the Performance Report or other relevant information is not available, such that the Cash Administrator cannot determine the Revenue Receipts and the Principal Receipts in respect of any Determination Period, the amount of Revenue Receipts and the Principal Receipts for the purposes of such determination shall be estimated by reference to the Performance Reports in respect of the three most recent Determination Periods.

If a Performance Report is subsequently delivered in respect of any subsequent Determination Period and for the Determination Periods where no such information was available, then: (i) the Revenue Receipts and the Principal Receipts will be calculated on the basis of the information in such Performance Report; and (ii) one or more reconciliation payments in respect of a Reconciliation Amount may be required to be made by the Issuer on the related and subsequent Interest Payment Dates in order to account for any over-payment(s) and/or under-payment(s) made on any Interest Payment Date during the relevant period of estimations in accordance with Note Condition 4(i) (*Determinations and Reconciliation*) and the Cash Administration Agreement.

The Legal Title-Holder to retain legal title to the Loans and risks relating to set-off

As described above, the sale by the Seller to the Issuer of the English Loans and the Northern Irish Loans and their Related Security will be given effect by an equitable assignment and the sale of the Scottish Loans and their Related Security is given effect pursuant to the Scottish Declaration of Trust. As a result, legal title to the Loans will remain with the Legal Title-Holder until the occurrence of certain trigger events under the terms of the Mortgage Sale Agreement (see "*Overview of Credit Structure and Cash Flow – Triggers Tables – Non-Rating Triggers Table – Perfection Events*") or until the Legal Title-Holder exercises its discretion to transfer legal title in the Loans to an authorised third party or a substitute entity, subject to receipt of a Rating Agency Confirmation. Therefore, the rights of the Issuer may be subject to "**transaction set-off**", (and analogous rights) being the direct rights of the Borrowers against the Legal Title-Holder.

By way of example, the relevant Borrower may set off any claim for damages arising from the Legal Title-Holder's breach of contract against the Legal Title-Holder's (and, as equitable assignee of or holder of the beneficial interest (pursuant to the Scottish Declaration of Trust or otherwise) in the Loans and the Mortgages in the Mortgage Pool, the Issuer's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. A Borrower may also have a right of set-off (including analogous rights in Scotland or Northern Ireland) in respect of

an obligation to fund a Redraw if such Redraw was not made in circumstances where the Legal Title-Holder (on behalf of the Issuer) was contractually obliged to do so. These set-off claims will constitute transaction set-off (including analogous rights in Scotland or Northern Ireland), as described in the immediately preceding paragraph.

The amount of any such claim against the Legal Title-Holder will, in many cases, be the cost to the Borrower of finding an alternative source of funds (although, in the case of a Flexible Loans which is a Scottish Loan, it is possible, though regarded as unlikely, that the Borrower's rights of set-off could extend to the full amount of the additional drawing). The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Legal Title-Holder's breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

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

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Mortgage Pool and/or the ability of the Issuer to make payments under the Notes, the VRR Loan Note and Certificates.

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

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers have been granted to HM Treasury, the Bank of England and the FSA (which term, when used in relation to a date on or after 1 April 2013, shall be deemed to refer to the FCA and/or PRA (as applicable)) (the FCA, together with HM Treasury, the PRA and the Bank of England, the "**Authorities**") as part of the special resolution regime (the "**SRR**"). These powers (which apply regardless of any contractual provisions) enable the Authorities to deal with and stabilise United Kingdom-incorporated institutions with permission to accept deposits pursuant to Part IV of the FSMA (such as the Account Bank and the Collection Accounts Provider) (each a "relevant entity") that are failing or are likely to fail to satisfy the threshold conditions (within the meaning of Section 41 of the FSMA). The SRR consists of three stabilisation options: (a) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (b) transfer of all or part of the business of the relevant entity to a "bridge bank" wholly-owned by the Bank of England; and (c) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. The Banking Act also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify certain contractual arrangements in certain circumstances. In the event that the Banking Act 2009 applies to this transaction, this may result in a change in the contractual terms applicable to the Notes without the consent of the Noteholders, or (as applicable) to the Certificates without the consent of the Certificateholders. It is possible that one of the stabilisation options could be exercised prior to the point at which any application for an insolvency or administration order with respect to the relevant entity could be made.

In general, there is considerable uncertainty about the scope of the powers afforded to Authorities under the Banking Act and how the 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.

In general, the Banking Act requires the Authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. The Authorities are also empowered by order to amend the law for the purpose of

enabling the powers under the SRR to be used effectively. An order may make provision which has retrospective effect.

If an instrument or order were to be made under the Banking Act in respect of a relevant entity, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Transaction Documents in respect of the relevant entity, including termination and acceleration events). As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

Amendments have also been made to the Banking Act under the Financial Services (Banking Reform) Act 2013 (as brought into force by The Financial Services (Banking Reform) Act 2013 (Commencement No. 7) Order 2014 on 31 December 2014) to introduce a new bail-in tool, which tool permits the Bank of England in certain circumstances to cancel or modify contracts for the purposes of reducing or deferring liabilities of relevant entities (including UK banks, banking group companies and building societies) and/or to convert liabilities of such entities into different forms.

This regime has also been amended 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 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. The Directive has been implemented via the Bank Recovery and Resolution Order 2014 ("**BRRD Order**"), which came into force on 1 January 2015.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer was regarded to be a banking group company and no exclusion applied, then it would be possible in certain scenarios for the relevant authority to exercise one or more relevant stabilisation tools (including the property transfer powers and/or the bail-in powers) in respect of it, which could result in reduced amounts being available to make payments in respect of the Notes and/or in the modification, cancellation or conversion of any unsecured portion of the liability of the Issuer under the Notes at the relevant time. In this regard, it should be noted that the authorities have provided an exclusion for certain securitisation companies, which exclusion is expected to extend to the Issuer, although aspects of the relevant provisions are not entirely clear.

There can be no assurance that the Noteholders or the Certificateholders will not be adversely affected by the amendments and/or any action taken under the new bail-in tool. Accordingly, it is not yet possible to assess the full impact of the UK bail-in tool on a relevant entity and there can be no assurance that it will not materially and adversely affect the relevant entity's operating results, financial position and prospects.

At present, the Authorities have not made an instrument or order under the Banking Act or the BRRD Order in respect of the relevant entities referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order, if made.

English and Northern Irish law security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes, the VRR Loan Note and the Certificates. In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired. 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 and/or the VRR Loan

Note and/or the Certificateholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

In particular, the ability to realise the Security granted may be delayed if an administrator is appointed or in the context of a company voluntary arrangement in respect of the Issuer. In this regard, it should be noted that:

- (a) in general, an administrator may not be appointed in respect of a company if an administrative receiver is in office. Amendments were made to the Insolvency Act 1986 in September 2003 (in Northern Ireland, similar amendments were made by the Insolvency (Northern Ireland) Order 1989 in March 2006) which restrict the right of the holder of a floating charge to appoint an administrative receiver, unless an exception applies. Significantly, one of the exceptions allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. While it is anticipated that the requirements of this exception will be met, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify the capital market exception and/or provide that the exception shall cease to have effect; and
- (b) under the Insolvency Act 1986 (as amended by the Insolvency Act 2002) (in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 was amended by the Insolvency (Northern Ireland) Order 2005), certain "small" companies (which are defined by reference to certain financial and other tests) are entitled to seek protection from their creditors for a limited period for the purposes of putting together a company voluntary arrangement. The position as to whether or not a company is a small company may change from time to time and, consequently, no assurance can be given that the Issuer will not, at any given time, be determined to be a small company. However, certain companies are excluded from the optional moratorium provisions, including a company which is party to certain transactions in the capital markets and/or which has a liability in excess of a certain amount. While the Issuer should fall within the current exceptions, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify these exceptions.

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 (in Northern Ireland, article 150A of the Insolvency (Northern Ireland) Order 1989), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a question of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders, the VRR Loan Noteholder and Certificateholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. Such provisions are similar in effect to the terms which will be included in the Transaction Documents.

The UK Supreme Court has affirmed that such a subordination provision is valid under English law. Contrary to the determination of the UK Supreme Court, the U.S. Bankruptcy Court in 2010 and 2011 held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, in a June 2016 decision, the U.S. Bankruptcy Court departed in some respects from the prior cases and held that such subordination provisions and payments made thereunder were enforceable and protected under the safe harbor provisions of the U.S. Bankruptcy Code related to swap agreement transactions.

If a creditor of the Issuer or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could

successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents. Laws may be relevant in certain circumstances with respect to a range of entities, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Transaction Documents (such as the subordination of swap subordinated amounts) was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the VRR Loan Noteholder, the Certificateholders, the market value of the Notes, the Certificates, and/or the ability of the Issuer to satisfy its obligations under the Notes, the VRR Loan Note or the Certificates.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of the payments due to certain parties in certain circumstances post-enforcement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may be adversely affected.

Liquidation Expenses

On 6 April 2008, a provision in the Insolvency Act 1986 (in Northern Ireland, the Insolvency (Northern Ireland) Order 1989) came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, it is now the case that, in general, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended) (in Northern Ireland, the Insolvency Rules (Northern Ireland) 1991).

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

Reliance on Third Parties

The Issuer has engaged KMC to administer the Mortgage Pool pursuant to the Mortgage Administration Agreement. While KMC is under contract to perform certain mortgage settlement and related administration services under the Mortgage Administration Agreement, there can be no assurance that they will be willing or able to perform these services in the future. In the event KMC is replaced as Mortgage Administrator, there may be losses or delays in processing payments on the Mortgage Pool due to a disruption in mortgage administration during a transfer to a successor Mortgage Administrator. This may cause delays in payments or losses under the Notes and the VRR Loan Note. In addition, the Issuer has appointed the Mortgage Administration Facilitator pursuant to the Mortgage Administration Agreement to assist it in the selection of a replacement Mortgage Administrator in the event of the occurrence of a Mortgage Administrator Termination Event (as described below). See "*The Mortgage Administrator and the Legal Title-Holder*".

Pursuant to the Bank Agreement, the Account Bank will provide the Issuer with an agreed interest on funds on deposit in the Transaction Account. See "*Credit Structure – Collection Accounts, Transaction Account and Authorised Investments – Bank Agreement*". In the event that the Account Bank was to fail to perform its obligations under the Bank Agreement, investors may be adversely affected.

Identity of the Account Bank and Collection Accounts Provider

In addition, in the event that the rating by any of the Rating Agencies of the Collection Accounts Provider or Account Bank is downgraded, it is possible that the Account Bank or the Collection Accounts Provider may no longer meet the rating requirements, as set out in the sections entitled "*Overview of Credit Structure and Cash*".

Flow – Triggers Tables – Rating Triggers Table – Collection Accounts Provider" and *"Overview of Credit Structure and Cash Flow – Triggers Tables – Rating Triggers Table – Account Bank"*. There can be no assurance that the Account Bank or the Issuer will be able to procure that the Account Bank be replaced within 30 calendar days of the downgrade of the relevant entity and that the Collection Accounts Provider will be replaced within 60 calendar days of the downgrade of the relevant entity and there is therefore a risk that the Rated Notes will be downgraded in such circumstances.

Identity of the Mortgage Administrator

Investors should note that upon the occurrence of a Mortgage Administrator Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee may terminate the agency (and, simultaneously, the rights) of the Mortgage Administrator. Following the occurrence of such a Mortgage Administrator Termination Event, the Issuer shall (as soon as practicable after such event has come to its attention) give notice in writing to the Mortgage Administration Facilitator of such occurrence and request it to identify and select a replacement mortgage administrator (a **"Proposed Replacement Mortgage Administrator"**). Upon being so notified, the Mortgage Administration Facilitator shall use reasonable endeavours to identify and select a replacement mortgage administrator within 30 calendar days of the occurrence of the applicable Mortgage Administrator Termination Event and provide details of the Proposed Replacement Mortgage Administrator to the Issuer, the Legal Title-Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Mortgage Administrator, the Issuer shall appoint the Proposed Replacement Mortgage Administrator as Mortgage Administrator on substantially the same terms as set out in the Mortgage Administration Agreement, provided, however, that any such appointment shall be subject to the prior written consent of the Trustee and the Legal Title-Holder.

Accordingly, where the Mortgage Administration Facilitator makes such a selection, and provided certain other requirements are met, it is possible that the identity of the Mortgage Administrator will change, and accordingly, the counterparty exposure of the Issuer, the Noteholders, the VRR Loan Noteholder and the Certificateholders to the Mortgage Administrator may also change. As this right may be exercised whenever a Mortgage Administrator Termination Event occurs, the identity of the Mortgage Administrator may change more than once during the duration of the Notes, the VRR Loan Note and the Certificates.

However, notwithstanding the above, no assurance can be given that a replacement mortgage administrator will be identified by the Mortgage Administration Facilitator upon the occurrence of a Mortgage Administrator Termination Event or that such replacement will be completed. In addition, there is no certainty that a replacement mortgage administrator could be appointed on the same terms as the Mortgage Administration Agreement (including as to fees or other amounts due to it). Additionally, the collection of payments on the Loans and the provision of services could be disrupted during the transitional period in which the performance of the services is transferred to the replacement Mortgage Administrator. Any failure or delay in collection of payments on the relevant Loans resulting from a disruption in the servicing of the Loans could ultimately adversely affect payments of interest and principal on the Notes and payments of amounts on the VRR Loan Note. A failure or delay in the performance of the services, in particular reporting obligations, could adversely affect the payments of interest and principal on the Notes and payments of amounts on the VRR Loan Note.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes or Certificates from time to time may be lower than their value would otherwise have been had no such replacement right been included.

Identity of the Legal Title-Holder

Investors should note that upon the occurrence of a Legal Title-Holder Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee may terminate the agency (and, simultaneously, the rights) of the Legal Title-Holder. Following the occurrence of such a Legal Title-Holder Termination Event, the Issuer shall (as soon as practicable after such event has come to its attention) give notice in writing to the Legal Title-Holder Facilitator of such occurrence and request it to identify and select a replacement legal titleholder (a **"Proposed Replacement Legal Title-Holder"**). Upon being so notified, the Legal Title-Holder Facilitator shall use reasonable endeavours to

identify and select a replacement legal title-holder within 30 calendar days of the occurrence of the applicable Legal Title-Holder Termination Event and provide details of the Proposed Replacement Legal Title-Holder to the Issuer, the Legal Title-Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Legal Title-Holder, the Issuer shall appoint the Proposed Replacement Legal Title-Holder as Legal Title-Holder on substantially the same terms as set out in the Mortgage Administration Agreement, provided, however, that any such appointment shall be subject to the prior written consent of the Trustee and the Mortgage Administrator. In addition, there is no certainty that a replacement legal title-holder could be appointed on the same terms as the Mortgage Administration Agreement (including as to fees or other amounts due to it).

Accordingly, where the Legal Title-Holder Facilitator makes such a selection, and provided certain other requirements are met (and documents entered into) it is possible that the identity of the Legal Title-Holder will change, and accordingly, the counterparty exposure of the Issuer, the Noteholders the VRR Loan Note and the Certificateholders to the Legal Title-Holder may also change. As this right may be exercised whenever a Legal Title-Holder Termination Event occurs, the identity of the Legal Title-Holder may change more than once during the duration of the Notes, the VRR Loan Note, and the Certificates.

However, notwithstanding the above, no assurance can be given that a replacement legal title-holder will be identified by the Legal Title-Holder Facilitator upon the occurrence of a Legal Title-Holder Termination Event or that such replacement will be completed.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes or Certificates from time to time may be lower than their value would otherwise have been had no such replacement right been included.

Projections, Forecasts and Estimates

Any projections, forecasts and estimates provided to prospective purchasers of the Notes, the VRR Loan Notes, or Certificates are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, market, financial or legal uncertainties and mismatches between the timing of accrual and receipt of interest and principal from the Loans.

None of the Issuer, the Seller, the Trustee, the Arranger, the Sponsors, the Joint Lead Managers, the Account Bank, the Cash Administrator, the Mortgage Administrator, the Agents or any of their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

Tax Considerations

United Kingdom taxation treatment of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the "**Securitisation Tax Regulations**"), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Tax Regulations) for so long as it satisfies the conditions of the Securitisation Tax Regulations. However, if the Issuer does not in fact satisfy the conditions of the Securitisation Tax Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cash flows for the transaction described in this Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and the VRR Loan Note and may result in investors receiving less interest and/or principal than expected.

Withholding or deduction under the Notes

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

In the event that any withholding or deduction for or on account of any tax is imposed on payments of interest on the Notes and the VRR Loan Note, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders and the VRR Loan Noteholder for such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Note Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) be required to appoint a different Paying Agent or use its reasonable endeavours to arrange for its substitution by a company incorporated and/or resident in another jurisdiction to avoid such an imposition and, failing this, may redeem the Notes or the VRR Loan Note subject to the requirements in Note Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*).

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

U.S. tax characterisation of the Notes

The Issuer has agreed and, by its acceptance of a U.S. Note (as defined in the section entitled "*United States Federal Income Taxation – Characterisation of the Rule 144A Notes*"), each holder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat the U.S. Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law and for certain limited purposes. The determination of whether a Note will be treated as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Note is issued.

Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the U.S. Internal Revenue Service will not seek to characterise as something other than indebtedness any particular Class or Classes of the U.S. Notes. If any of the U.S. Notes were treated as equity for U.S. federal income tax purposes, adverse U.S. federal income tax consequences might apply. See "*The Issuer is expected to be treated as a Passive Foreign Investment Company and may be treated as a Controlled Foreign Corporation for U.S. federal income tax purposes*" below.

The Issuer has agreed and, by its acceptance of a Class H Note, Class X Note, Class Z1 Note or Class Z2 Note each holder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat such Class H Note, Class X Note, Class Z1 Note or Class Z2 Note as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law.

The Issuer is expected to be treated as a Passive Foreign Investment Company and may be treated as a Controlled Foreign Corporation for U.S. federal income tax purposes

The Issuer is expected to be a passive foreign investment company for U.S. federal income tax purposes, which means that a United States holder (as defined in the section entitled "*United States Federal Income Taxation*") of the Equity Notes (as defined in the section entitled "*United States Federal Income Taxation*") may be subject to adverse tax consequences. A United States holder of such Notes may be subject to different rules that are generally less adverse if it elects to treat the Issuer as a qualifying electing fund (a "**QEF**") and to recognise currently its proportionate share of the Issuer's ordinary income and long-standing capital gain whether or not distributed to such holder. In addition, and depending on the overall ownership of interests in the Issuer, a United States holder of more than 10 per cent. of the Equity Notes may be treated as a "United States shareholder" (as such term is defined in the Code) in a controlled foreign corporation and required to recognise currently its proportionate share of the "subpart F income" of the Issuer, whether or not distributed to such holder. The Issuer will cause its independent auditors and/or US tax advisors to provide a United States holder of Equity Notes upon request by and at the expense of such United States holder, with the information reasonably available to the Issuer that such holder reasonably requests, to allow such holder to make an election to treat the Issuer as a QEF and to satisfy filing requirements that such holder is required to satisfy in the event the Issuer is treated as a controlled foreign

corporation. A United States holder that makes a QEF election or that is required to recognise currently its proportionate share of the subpart F income of the Issuer will be required to include in the current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such holder. Potential investors should consult with their tax advisors regarding the applications of the passive foreign investment company rules and the controlled foreign corporation rules to an investment in the Notes and the applicability of such rules to each such potential investor.

Regulatory considerations

Impact of regulatory initiatives on certain investors

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes, the VRR Loan Note and the Certificates. In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory 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, the VRR Loan Note and the Certificates are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Joint Lead Managers, the Sponsors, the Trustee or the Seller makes any representation to any prospective investor or purchaser of the Notes, the VRR Loan Note or the Certificates regarding the regulatory capital treatment of their investment (or the liquidity of such investment as a result thereof) on the Issue Date or at any time in the future.

Potential effects of any additional regulatory changes

In the United Kingdom and elsewhere, there is continuing political, legal and regulatory scrutiny of the banking industry and, in particular, retail banking and retail lending. In the United Kingdom, regulators such as the CMA, the PRA and the FCA (and their predecessors for example the OFT) have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which these local bodies have intervened directly, including the sale of card and identity protection policies, interest rate hedging products, payment protection insurance, broker commissions, personal pensions and mortgage-related endowments.

No assurance can be given that action and rules and regulations, additional to those discussed above, from any regulatory authority will not be implemented with regard to the mortgage market in the United Kingdom generally, the particular sector in that market in which the Legal Title-Holder or the Mortgage Administrator operates or specifically in relation to the Legal Title-Holder or the Mortgage Administrator. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Loans, the Legal Title-Holder, the Mortgage Administrator and the Issuer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments to the Noteholders, the VRR Loan Noteholder and the Certificateholders.

Securitisation Regulation

The Securitisation Regulation applies to the Notes and the VRR Loan Note, as does Regulation (EU) 2017/2401, which amends certain provisions of Regulation (EU) No 575/2013 as it relates to securitisation (the "**CRR Amendment Regulation**"). Amongst other things, the Securitisation Regulation and the CRR Amendment Regulation together include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. The Securitisation Regulation also introduced a ban on the securitisation of residential mortgage loans made after 20 March 2014 which had been marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries, were made aware that the information provided by the loan applicant might not be verified by the lender. The Seller has represented that the self-certified loans in the Mortgage Pool were originated prior to 20 March 2014. In general, the requirements imposed under

the Securitisation Regulations are more onerous and have a wider scope than those imposed under the previous legislation.

In relation to due diligence requirements, the Securitisation Regulation requires that, prior to holding a securitisation position, EU institutional investors are required to verify the matters required by Article 5(1) of the Securitisation Regulation and to conduct a due diligence assessment in accordance with Article 5(3). In relation to risk retention, the Securitisation Regulation amends the manner in which the retention requirements apply by imposing a direct obligation of compliance with the risk retention requirements on EU originators, sponsors or original lenders.

However, while the Securitisation Regulation came into force on 1 January 2019, not all of the proposed technical guidance in relation to certain provisions of the Securitisation Regulation have yet been finalised. Notably, technical guidance in relation to the manner in which reporting should be carried out in relation to a securitisation is yet to be finalised. The timing for finalisation of these pieces of guidance by the relevant authorities remains unclear. As such, there is a degree of uncertainty around the manner in which compliance with certain elements of the new regulations will be achieved.

With regards to the transparency requirements set out in Article 7 of the Securitisation Regulation, the relevant regulatory and implementing technical standards, including the standardised templates to be developed by ESMA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements (the "**ESMA Disclosure Templates**") have not as yet been adopted. As a result, the Securitisation Regulation transitional provisions will apply until the ESMA Disclosure Templates are required to be used. These provisions require, amongst other things, that any disclosure under Article 7 of the Securitisation Regulation should be made available in the form prescribed under the regulatory technical standards published pursuant to Article 8b of the CRA Regulation (the "**CRA3 Templates**") until the regulatory and implementing technical standards under the Securitisation Regulations have come into operation and the ESMA Disclosure Templates begin to apply.

Furthermore in a statement issued on 30 November 2018, the Joint Committee of the European Supervisory Authorities notes the operational difficulties of compliance with the Securitisation Regulation disclosure obligation during the transitional period under the **CRA3** for some entities and indicated that national competent authorities should generally apply their supervisory powers in their day-to-day supervision and enforcement of applicable legislation on a proportionate and risk-based manner.

In relation to the due diligence requirements for institutional investors that are set out in Article 5 of the Securitisation Regulation, any prospective investor to which these requirements apply should make themselves aware of such requirements and should ensure that the requirements which need to be satisfied prior to holding a securitisation position have been complied with prior to an investment in the Notes by such investor. In addition any such investor should ensure that it will be able to comply with the ongoing requirements of Article 5 in relation to an investment in the Notes. None of the Issuer, the Seller, the Joint Lead Managers, the Trustee, the Cash Administrator, the Mortgage Administrator, the Legal Title Holder or the Arranger provides any assurance that the information provided in this Prospectus, or any other information that will be provided to investors in relation to the Notes (including without limitation any investor report or loan level data that is published in relation to the Notes) is sufficient for the satisfaction by any investor of the requirements in Article 5 of the Securitisation Regulation as they apply to that investor. Investors should note that the requirements of Article 5 apply in addition to any other applicable regulatory requirements applying to such investor in relation to an investment in the Notes.

As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Issue Date, to the quarterly investor reports provided and published by the Cash Administrator on: <http://pivot.usbank.com> and to the quarterly investor reports and loan level information published by EuroABS on the following website: www.euroabs.com. The websites at <http://pivot.usbank.com> and www.euroabs.com, and their contents therefore, do not form part of this Prospectus.

There can be no assurance that the information to be provided by the Issuer (or the Cash Administrator and Mortgage Administrator on its behalf) will be adequate for any potential investors to comply with their obligations

pursuant to Article 5 of the Securitisation Regulation. As at the date of this Prospectus the regulatory technical standard to be adopted by the European Commission pursuant to Article 7(3) of the "Securitisation Regulation (the **"Disclosure RTS"**) are in draft form and there can be no certainty as to the final Disclosure RTS to be adopted by the European Commission. Prospective investors should consult their own advisors as to the regulatory obligations imposed on them pursuant to the Securitisation Regulation in respect of the Notes, the VRR Loan Note and/or the Certificates and as the consequences for and effect on them of and changes to the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any prospective investor or otherwise.

In relation to loan-level reporting and investor reporting, in addition, in the event that the Cash Administrator and Mortgage Administrator fail to provide information necessary for the Issuer to comply with its obligations under Article 6 of the Securitisation Regulation, the Issuer may be subject to regulatory action by the relevant competent authorities. Any such action could include fines levied on the Issuer. Any fines imposed on the Issuer will rank ahead of amounts payable to Noteholders, the VRR Loan Noteholder and the Certificateholders and may therefore adversely affect the ability of the Issuer to make payments under the Notes, the VRR Loan Note and/or the Certificates.

Pursuant to Article 9 of the Securitisation Regulation, an originator who has acquired a portfolio of assets originated prior to 20 March 2014, must obtain all necessary information to assess whether the criteria applied in the credit granting for the securitised assets are as sound and well defined as the criteria applied to non-securitised assets

Simple, Transparent and Standardised Securitisations

The Securitisation Regulation makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction (a **"STS Securitisation"**) and provides that such securitisations should be subject to more favourable regulatory treatment, including reduced risk weightings for credit institution and investment firm investors, and separately, that certain aspects of previous legislation have been repealed and replaced with a single EU-wide securitisation regulation. Notably, the risk weights attached to securitisation exposures for credit institutions and investment firms will in general increase substantially under the new securitisation framework implemented under the Securitisation Regulations and these new risk weights will apply from 1 January 2019 or 1 January 2020 depending on the features of the particular securitisation exposure. In order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the Securitisation Regulation (the **"STS Criteria"**) and one of the originator or sponsor in relation to such transaction is required to file a STS Notification to ESMA confirming the compliance of the relevant transaction with the STS Criteria. The Notes are not intended to be designated as a STS Securitisation.

Investors should consider (and where appropriate, take independent advice on) the consequence from a regulatory perspective of the Notes not being considered a STS Securitisation, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of, and the capital charges on, the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market. Prospective investors are themselves responsible for monitoring and assessing changes to the EU risk retention rules and their regulatory capital requirements.

Compliance with European risk retention requirements

In addition, investors should be aware of the EU risk retention and due diligence requirements which apply in respect of various types of EU regulated investors, including credit institutions, alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Amongst other things, such requirements restrict a relevant investor from investing in a securitisation 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 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.

The risk retention and due diligence requirements described above apply in respect of the Notes and the VRR Loan Note for certain categories of investor. Investors should therefore make themselves aware of such 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 and the VRR Loan Note. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the regulatory sanctions for non-compliance with the relevant EU risk retention and due diligence requirements should seek guidance from their regulator and/or independent advice on the issue. In this regard, investors should be aware that the VRR Loan Noteholder has covenanted to retain on an on-going basis, a material net economic interest of not less than 5 per cent. in the securitisation constituted by the transaction.

With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation constituted by the transaction and with respect to the information to be made available by the Issuer or another relevant party, please see the statements set out in the section of this Prospectus headed "*Certain Regulatory Disclosures – EU Risk Retention and Securitisation Regulation Requirements*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements, and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller or any other party to a Transaction Document 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 have a negative impact on the price and liquidity of the Notes in the secondary market.

In the event that a regulator determines that your investment in the Notes did not comply or is no longer in compliance with the EU risk retention and due diligence requirements described above, then you may be required by your regulator to set aside additional capital against your investment in the Notes or take other corrective action. In addition, affected investors may be less likely to purchase any of the Notes, which may have a negative impact on the ability of investors in the Notes to resell their Notes in the secondary market or on the price realised for such Notes.

The Retention Holder is only obliged to comply, for so long as the Notes remain outstanding, with the EU Risk Retention Rules which apply as at the Issue Date and Noteholders may be at risk from a change of law

The Retention Holder has covenanted, for so long as the Notes remain outstanding, to comply with the EU Risk Retention Rules (which are applicable as at the Issue Date only and not as may be amended after the Issue Date) and Noteholders may be at risk from a change of law. A "**Risk Retention Regulatory Change Event**" will occur if any change in or the adoption of any new law, rule or regulation (which, as a matter of English or U.S. law, has a binding effect on the Retention Holder) after the Issue Date would impose a positive obligation on the Retention Holder to subscribe for any Notes over and above the VRR Loan Note acquired and maintained by it to comply with the Retention Requirement, the U.S. Credit Risk Retention Requirements and/or otherwise increase its investment. Any changes or amendments to the EU Risk Retention Rules made after the Issue Date may apply to the Notes and the VRR Loan Note, if they are determined to apply retrospectively to previously issued securitisation transactions. If the Retention Holder chooses not to comply with the amended or new EU Risk Retention Rules and does not exercise the Risk Retention Regulatory Change Option as described further below, then this may lead to potential non-compliance with the amended or changed EU Risk Retention Rules. None of the Issuer, the Seller, the Retention Holder, the Arranger, the Joint Lead Managers or any other person will be responsible or liable for such non-compliance.

If a Risk Retention Regulatory Change Event occurs, the Retention Holder has the option pursuant to the Mortgage Sale Agreement, to elect to purchase (or to nominate a third party to purchase) the Loans from the Issuer (the "**Risk Retention Regulatory Change Option**") and if such election is made, the Issuer will redeem the Notes and the VRR Loan Note on the immediate following Interest Payment Date. However, the Retention Holder does not have an obligation to exercise the Risk Retention Regulatory Change Option and as such, no assurance can be given that

following a Risk Retention Regulatory Change Event, the Retention Holder will exercise the Risk Retention Regulatory Change Option and that the Issuer will redeem the Notes and the VRR Loan Note in full.

If the Retention Holder exercises the Risk Retention Regulatory Change Option then the Notes will be redeemed in accordance with Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*).

Raising of financing by the Retention Holder against Notes held by it for risk retention purposes

On or after the Issue Date, the Retention Holder may directly or indirectly obtain funding to finance its economic exposure (including any repo transaction and/or secured funding arrangement) to some or all of the Retained Interest required to be retained by it as originator in compliance with Article 6(1) of the Securitisation Regulation and the EVI required to be retained in compliance with the U.S. Risk Retention Requirements, in each case on a full recourse basis. Such financing may be provided by one or more financing counterparties and may require the grant of a security interest over such financed Retained Interest and EVI and result in the financing counterparty having enforcement rights and remedies in case of an event of default which may include the right to appropriate or sell the Retained Interest and the EVI. In carrying out any such sale or appropriation, the financing counterparty would not be required to have regard for the Securitisation Regulation and/or the U.S. Retention Requirements and any such sale or appropriation may therefore cause the Retention Holder to be out of compliance with the Securitisation Regulation and the U.S. Retention Requirements. In such an event, with respect to the Securitisation Regulation, Notes held by other investors could be subject to an increased regulatory capital charge levied by a relevant regulator with jurisdiction over any such investor, and, also, with respect to both the U.S. Retention Requirements and the Securitisation Regulation, the price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted. Additionally, under the U.S. Retention Requirements, the Retention Holder may not engage in any hedging transactions that reduces or limits the credit exposure of the Retention Holder to the EVI. The price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted by any such hedging transaction.

Compliance with U.S. Credit Risk Retention Requirements

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain under the U.S. Credit Risk Retention Requirements. The U.S. Credit Risk Retention Requirements came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Credit Risk Retention Requirements provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Credit Risk Retention Requirements also provide for certain exemptions from the risk retention obligation that they generally impose. The U.S. Credit Risk Retention Requirements are intended to require securitizers of financial assets to maintain alignment of interests with investors in those assets through this credit risk retention.

The Retention Holder will hold the required credit risk by acquiring a "single vertical security", in the form of the VRR Loan Note that is an eligible vertical interest with an aggregate balance equal to a minimum of 5 per cent. of (100/95) of the nominal value of the Notes and the Certificates issued by the Issuer on the Issue Date. Please see the statements set out in the section of this Prospectus headed "*Certain Regulatory Disclosures – U.S. Credit Risk Retention Requirements*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements, and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller, the Co-Sponsor, the Retention Holder or any other party to a Transaction Document makes any representation that the information described above is sufficient in all circumstances for such purposes.

There is no guarantee that the applicable regulatory authorities will agree that the Retention Holder is the sponsor, and none of Issuer, the Arranger, the Joint Lead Managers, the Seller, the Co-Sponsor, the Retention Holder or any other party to a Transaction Document is making any representation that such is the case. If the Retention Holder fails to retain credit risk in accordance with the U.S. Credit Risk Retention Rules, the value and liquidity of the

Notes may be adversely impacted. At this time, the nature and effect of any failure, or alleged failure, to comply with the U.S. Credit Risk Retention Rules cannot be predicted.

The U.S. risk retention 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.

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

The Basel Committee on Banking Supervision (the "**Basel Committee**") approved a series of significant changes to Basel II (being the revised international capital framework of the Basel Committee, published in 2004) regulatory capital and liquidity framework in 2011 (such changes being referred to by the Basel Committee as "**Basel III**") including certain revisions to the securitisation framework which may result in increased regulatory capital requirements in respect of certain positions. In particular, Basel III provides for a substantial strengthening of existing prudential rules, including 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**").

BCBS member countries agreed to implement the initial phase of the Basel III reforms from 1 January 2013 and the second phase from 1 January 2022, subject to transitional and phase-in arrangements for certain requirements.

As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities, may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Impact of CRA Regulations

In general, European-regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

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

Prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, "**CRA3**") which became effective on 20 June 2013. CRA3 requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other. Additionally, CRA3 requires certain additional disclosure to be made in respect of structured finance transactions. The scope, extent and manner in which such disclosure should be made are detailed in technical standards adopted by ESMA on 30 September 2014. Investors should consult their legal advisors as to the applicability of CRA3 in respect of their investment in the Notes.

Risks relating to U.S. Volcker Rule

The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks, bank holding companies and many non-U.S. financial institutions, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective

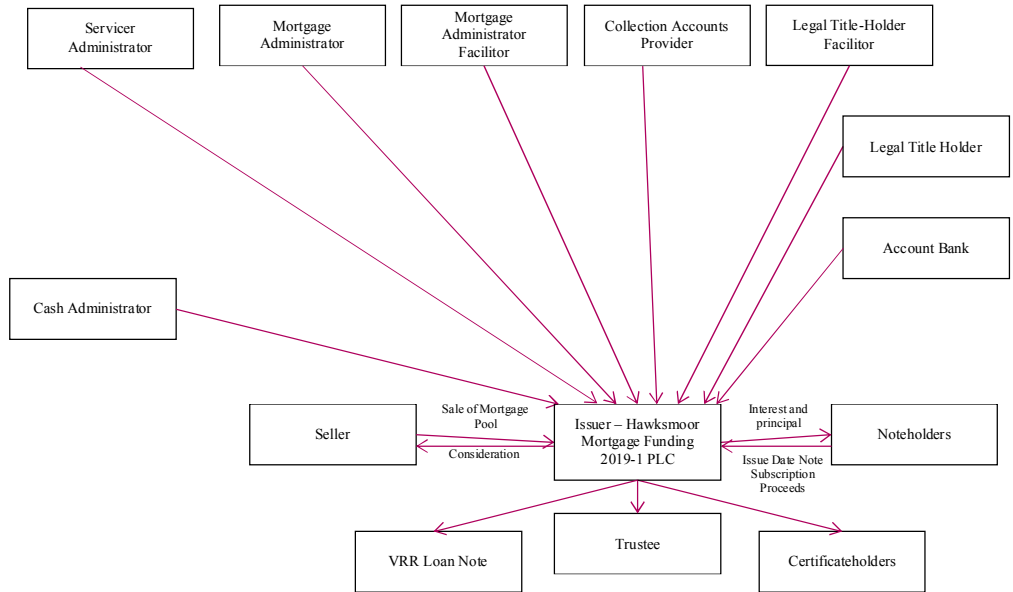
on 1 April 2014, but was subject to a conformance period which concluded on 21 July 2015. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified U.S. federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The Issuer is relying on an exclusion or exemption under the Investment Company Act other than the exclusions contained in Section 3(c)(i) and Section (3)(c)(7), and as such, is structured so as not to constitute a "covered fund" for purposes of the Volcker Rule. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes or Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. See "*Certain Regulatory Disclosures – Volcker Rule*" for more detail.

Regulatory considerations in relation to the Mortgage Loans

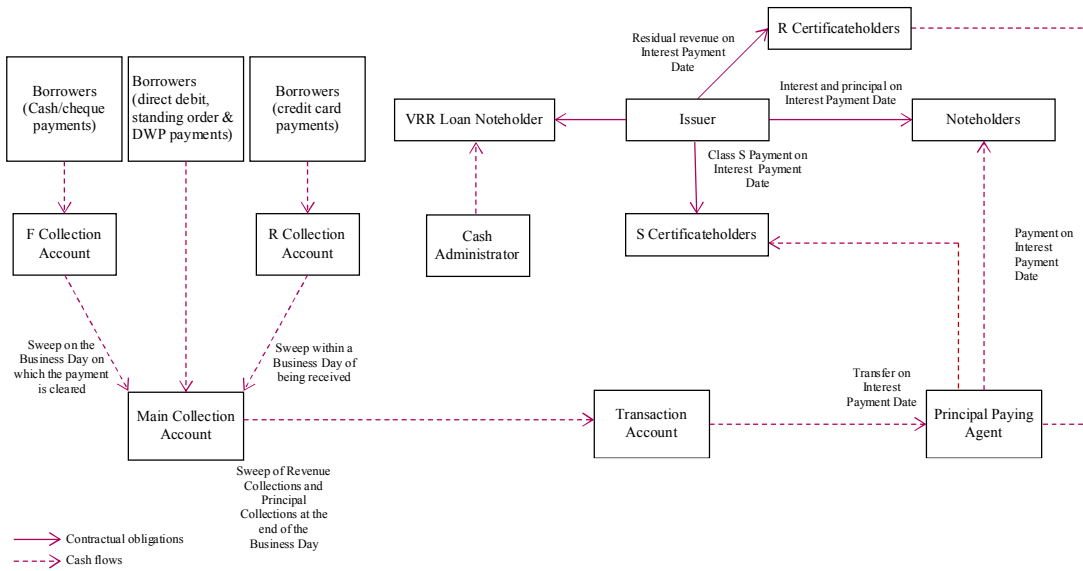
For a description of the key legal and regulatory considerations in the United Kingdom in relation to the residential mortgage business and the Mortgage Loans, please see the section entitled "*Mortgage Regulation in the UK*".

The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders, the VRR Loan Noteholder and Certificateholders, but the inability of the Borrowers to pay interest, principal or other amounts on the Loans and consequently the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes, the VRR Loan Note and Certificates may occur for other reasons and the Issuer does not represent that the statements above regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of the risks for the Noteholders, the VRR Loan Note and the Certificateholders, there can be no assurance that these measures will be sufficient to ensure payment to the Noteholders, the VRR Loan Noteholder and the Certificateholders of interest, principal or any other amounts on or in connection with the Notes and the Certificates on a timely basis or at all.

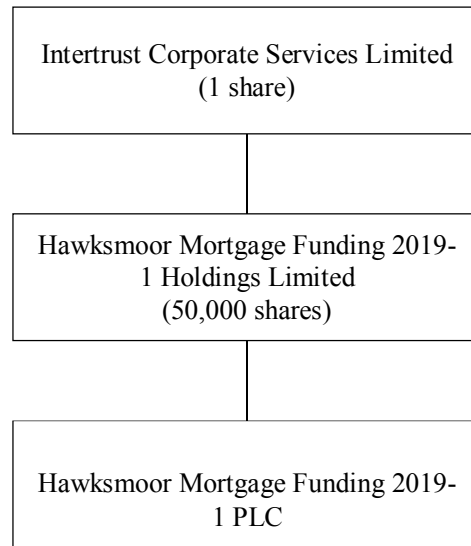
TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOW



TRANSACTION OVERVIEW – DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE



TRANSACTION OVERVIEW

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 this Prospectus.

Transaction Parties, and other related parties, on the Issue Date

Party	Name	Address	Document under which appointed/Further information
Arranger	Credit Suisse Securities (Europe) Limited ("Credit Suisse")	One Cabot Square Canary Wharf London E14 4QJ, United Kingdom	Subscription Agreement. See the section entitled " <i>Purchase and Sale</i> " for further information
Joint Lead Managers	Merrill Lynch International ("BofA Merrill Lynch")	2 King Edward Street London EC1A 1HQ, United Kingdom	Subscription Agreement See the section entitled " <i>Purchase and Sale</i> " for further information
	Credit Suisse	One Cabot Square Canary Wharf London E14 4QJ, United Kingdom	
Issuer	Hawkmoor Mortgage Funding 2019-1 PLC	35 Great St. Helen's, London EC3A 6AP, United Kingdom	See the section entitled " <i>The Issuer</i> " for further information
Holdings	Hawkmoor Mortgage Funding 2019-1 Holdings Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	See the section entitled " <i>Holdings</i> " for further information
Share Trustee	Intertrust Corporate Services Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	Share Trust Deed
Seller	Clearwater Seller Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	See the section entitled " <i>The Seller</i> " for further information
Retention Holder	Credit Suisse International	One Cabot Square Canary Wharf London E14 4QJ, United Kingdom	Subscription Agreement and Mortgage Sale Agreement
Co-Sponsor	Davidson Kempner Capital Management LP	520 Madison Avenue, 30th floor, NY 10022 USA	Subscription Agreement and Mortgage Sale Agreement
Original	Junglinster S.à r.l.	6, rue Eugene	Assignment and Indemnity Agreement

Mortgage Portfolio Option Holder		Ruppert, L-2453, Luxembourg	
Additional Loans Seller	Junglinster S.à r.l.	6, rue Eugene Ruppert, L-2453, Luxembourg	Additional Loans Mortgage Sale Agreement
Securitisation Issuers	Hawksmoor Mortgages 2016-1 PLC	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A
	Hawksmoor Mortgages 2016-2 PLC	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A
Mortgage Administrator	Kensington Mortgage Company Limited	Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ, United Kingdom	Mortgage Administration Agreement See the sections entitled " <i>The Mortgage Administrator and the Legal Title-Holder</i> " and " <i>Administration, Servicing and Cash Management of the Mortgage Pool</i> " for further information
Servicer Administrator	Credit Suisse International	Cabot Square Canary Wharf London E14 4QJ, United Kingdom	Mortgage Administration Agreement See the sections entitled " <i>The Retention Holder and Servicer Administrator</i> " and " <i>Administration, Servicing and Cash Management of the Mortgage Pool</i> " for further information.
Mortgage Administration Facilitator and Legal Title-Holder Facilitator	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Mortgage Administration Agreement See the section entitled " <i>Administration, Servicing and Cash Management of the Mortgage Pool</i> " for further information
Legal Title-Holder	Kensington Mortgage Company Limited	Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ, United Kingdom	Mortgage Administration Agreement and Mortgage Sale Agreement See the section entitled " <i>The Mortgage Administrator and the Legal Title-Holder</i> " for further information
Trustee	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth floor, London EC2N 1AR, United Kingdom	Trust Deed and Deed of Charge See the Note Conditions for further information
Corporate Services Provider	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Services Agreement
Cash	U.S. Bank Global	125 Old Broad	Cash Administration Agreement

Administrator	Corporate Trust Limited	Street, Fifth floor, London EC2N 1AR, United Kingdom	See the sections entitled " <i>The Mortgage Administrator and the Legal Title-Holder</i> " and " <i>Administration, Servicing and Cash Management of the Mortgage Pool</i> " for further information
Account Bank	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth floor, London EC2N 1AR, United Kingdom	Bank Agreement
Collection Accounts Provider	Barclays Bank PLC	1 Churchill Place, London E14 5HP, United Kingdom	Main Collection Account Agreement, F Collection Account Agreement, R Collection Account Agreement, F Collection Account Beneficiary Accession Agreement and R Collection Account Beneficiary Accession Agreement.
Principal Paying Agent	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth floor, London EC2N 1AR, United Kingdom	Agency Agreement
Agent Bank	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth floor, London EC2N 1AR, United Kingdom	Agency Agreement
Registrar	Elavon Financial Services DAC	Block E, Cherrywood Science and Technology Park, Loughinstown, Co Dublin 16, Ireland	Agency Agreement
Listing Agent	Arthur Cox Listing Services	Arthur Cox, Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland	N/A
Listing Authority and Stock Exchange	Irish Stock Exchange plc trading as Euronext Dublin	28 Anglesea Street, Dublin 2, Ireland	N/A
Clearing Systems	Euroclear	33 Cannon Street, London EC4M 5SB, United Kingdom	N/A
	Clearstream, Luxembourg	42 Avenue JF Kennedy, L-1855, Luxembourg	N/A

Rating Agencies	Moody's Investors Service Ltd	1 Canada Square, London E14 5FA United Kingdom	N/A
	S&P Global Ratings, a division of Standard & Poor's Credit Market Services Europe Limited	20 Canada Square, London E14 5LH United Kingdom	N/A
Auditors of the Issuer	KPMG LLP	One Sovereign Square, Sovereign Street Leeds LS1 4DA United Kingdom	N/A
VRR Loan Noteholder	Credit Suisse International	Cabot Square Canary Wharf London E14 4QJ, United Kingdom	VRR Loan Note Agreement. See section entitled " <i>Description of the VRR Loan Note</i> " for further information.
VRR Registrar	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Services Agreement. See the section entitled " <i>The Mortgage Administration Facilitator, the Legal Title-Holder Facilitator and the Corporate Services Provider</i> " for further information.

TRANSACTION OVERVIEW – MORTGAGE POOL AND SERVICING

Please refer to the sections entitled "*Constitution of the Mortgage Pool*", "*Title to the Mortgage Pool*" and "*Sale of the Mortgage Pool*" for further detail in respect of the characteristics of the Mortgage Pool and the sale and the servicing arrangements in respect of the Mortgage Pool.

Sale of Mortgage Pool

The Mortgage Pool will consist of the Loans, the Related Security, and all monies derived therein from time to time (including as to principal and any other payments received therefrom as from the Cut-Off Date), the beneficial title to and interest in which will be sold by the Seller to the Issuer on the Issue Date, pursuant to the Mortgage Sale Agreement.

The Mortgage Pool comprises Loans secured over properties in England, Wales, Scotland and Northern Ireland.

Each Loan and Related Security is governed by either English law, Scots law or the laws of Northern Ireland.

In this Prospectus, unless otherwise noted, all references to specified percentages of the Loans are references to those Loans as a percentage of the aggregate principal balances of the Target Mortgage Pool.

Features of Loans

The following is a summary of certain features of the Loans (other than the Ineligible Loans) as at the Target Pool Cut-Off Date (being 15 June 2019) and investors should refer to, and carefully consider, further details in respect of the Loans set out in "*Characteristics of the Target Mortgage Pool*".

Type of Loan	Repayment Loans, Interest Only Loans and Part and Part Loans
Self-certified Loans ⁴	28.98 per cent. of the aggregate Current Balance of the Loans ⁵
Buy-to-Let Loans	3.66 per cent. of the aggregate Current Balance of the Loans
Number of Loans	28,297

See the section entitled "*Characteristics of the Target Mortgage Pool*" for further information.

Flexible Loan

If the Mortgage Administrator receives a Redraw request from a Borrower, the Mortgage Administrator shall provide to the Issuer, the Seller and the Cash Administrator (with a copy to the Legal Title-Holder) a written notice notifying them of the Redraw request (the "**Redraw Notice**") and setting out the amount of the proposed Redraw. The Redraw Notice shall be given the day before the relevant Redraw Date (or such other notice period agreed between the Mortgage Administrator and the Cash Administrator). The Cash Administrator, on behalf of the Issuer shall pay the amount specified in the Redraw Notice by using amounts standing to the credit of the Principal Ledger in

⁴ All self-certified loans were originated prior to March 20, 2014.

⁵ Loan parts which do not have data for this field are not considered to have this characteristic for computation purposes.

the Transaction Account (such amount being transferred to the Collections Account by 11 a.m. on the relevant Redraw Date by the Cash Administrator) unless the Mortgage Administrator has notified the Cash Administrator that there are sufficient funds available in the Collections Account to pay the amount specified in the Redraw Notice. The Mortgage Administrator shall therefore use funds paid by the Cash Administrator to the Main Collection Account to pay amounts in respect of the Redraw.

Consideration

Consideration payable by the Issuer to the Seller in respect of the sale of the Loans and Related Security by Seller pursuant to the Mortgage Sale Agreement shall be (i) equal to an immediate cash payment of the aggregate Current Balance of the Loans (excluding the Ineligible Loans) (as at the Cut-Off Date) multiplied by 98.3 per cent. minus all fees and commissions payable to the Joint Lead Managers payable on the Issue Date and (ii) the subscription by the Seller of the R Certificates and the S Certificates.

Proceeds of the X Notes, the Z1 Notes and the Z2 Notes

The proceeds of the X Notes, the Z1 Notes, the Z2 Notes, and the proceeds of the VRR Proportion of the X Notes, the Z1 Notes and the Z2 Notes will be used to fund the Reserve Fund in an amount equal to the Reserve Fund Required Amount.

Representations and Warranties

The Seller will make the Warranties to the Issuer and the Trustee on the Issue Date, in relation to the Loans (other than the Ineligible Loans) in the Mortgage Pool on the Issue Date.

The Warranties include (without limitation) the following warranties in respect of each relevant Loan:

- (i) each Mortgage is a first ranking legal mortgage, charge or, as applicable, standard security in respect of Properties located in England, Wales, Scotland and Northern Ireland;
- (ii) each Borrower is either an individual or a private company incorporated with limited liability in England, Wales, Scotland or Northern Ireland;
- (iii) except in respect of Loans for which the Borrower is a company having an aggregate Current Balance of 1.18 per cent. of the Target Mortgage Pool as at the Target Pool Cut-off Date, each Borrower is a natural person and was aged at least 18 years at the date they executed the relevant Mortgage;
- (iv) no lien or right of set-off or counterclaim has been created or has arisen between Seller, upon reasonable enquiry and so far as the Seller is aware, or the Legal Title-Holder and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.
- (v) The Loans were originated by the relevant Originator in the ordinary course of business.
- (vi) Each Loan and its Related Security was made on the

same terms as are set out in the Standard Documentation without any material variation thereto, or where there were any changes, such changes would have been acceptable to a Prudent Mortgage Lender.

- (vii) No Loan or its related Mortgage contains an obligation to make any further advance (other than a Redraw) or a Port.
- (viii) Interest on each Loan is charged on such Loan in accordance with the provisions of that Loan and its related Mortgage.
- (ix) No Loan has a final maturity beyond the date falling two years prior to the Final Maturity Date of the Notes.
- (x) No Loan has a Balance of greater than £1,250,000 on the relevant date of sale to the Issuer.
- (xi) No Loan is currently repayable in a currency other than sterling and the currency of the repayments cannot be changed by the Borrower to a currency other than sterling.
- (xii) All the Loans in respect of Properties are governed by English law, Scots law or the laws of Northern Ireland.

See the section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*" for further information.

Repurchase of the Loans and Related Security

In the event of a breach of warranty given in respect of the Loans in the Mortgage Pool (other than where such breach was disclosed at the point of sale to the Issuer), which would have a material adverse effect on the value of the relevant Loan and the related Mortgage, and which, if capable of remedy, is not so remedied by the Seller within 21 days of notification of such breach to the Seller by the Issuer, the Seller will be required to (a) repurchase the relevant Loan and its Related Security for a consideration in cash equal to the Repurchase Price of that relevant Loan and its Related Security, or (b) pay an amount to the Issuer equal to the loss suffered by the Issuer on or prior to the Repurchase Date in lieu of a repurchase of the relevant Loan and Related Security in accordance with the terms of the Mortgage Sale Agreement provided that the amount payable by the Seller in lieu of a repurchase shall not be greater than the amount that would have been payable by the Seller if it had repurchased the relevant Loan and its Related Security. See the section entitled "*Sale of the Mortgage Pool – Warranties and Repurchase*" for further information.

The Issuer's recourse against the Seller in relation to any repurchase or indemnity payments for breach of warranty is limited. The Seller will only be liable under the representations and warranties to the extent that it receives amounts from the Original Mortgage Portfolio Option Holder under the Assignment and Indemnity Agreement. Although the Original Mortgage Portfolio Option Holder's liabilities to the Seller are not subject to

time limits, claim thresholds or financial caps, the Original Mortgage Portfolio Option Holder may have limited resources to satisfy such liabilities. The Original Mortgage Pool Option Holder has agreed on the Issue Date and whilst the Notes are outstanding to retain a cash amount of £7,500,000 (less amounts paid out by the Original Mortgage Pool Option Holder) to cover liabilities of the Original Mortgage Portfolio Option Holder towards the Seller under the Assignment and Indemnity Agreement (including amounts due in respect of any liability for breach of representation and warranty in respect of the Loans and their Related Security). To the extent that any amount is used by the Seller to fund a payment or liability under the Assignment and Indemnity Agreement, there is no additional requirement for the Original Mortgage Pool Option Holder to top up any cash to the initial amount of £7,500,000.

The Seller, has undertaken in the Mortgage Sale Agreement to enforce its rights, powers or remedies provided to it under the Assignment and Indemnity Agreement or as otherwise provided by law, without delay (including, without limitation, in respect of all obligations and/or breach of representations and warranties) in favour of the Seller in relation to each Loan and its Related Security, and promptly to pass to the Issuer the proceeds of such exercise to the extent that such amounts are payable to the Issuer by the Seller under the Mortgage Sale Agreement.

The Seller assigns its rights in respect of the following covenants and rights under the Assignment and Indemnity Agreement to the Issuer: (A) Original Mortgage Pool Option Holder's covenant to, for so long as the Notes are outstanding, retain an amount in cash of £7,500,000 (less any amounts paid to the Seller under the Assignment and Indemnity Agreement and which, for the avoidance of doubt, will not be replenished) and (B) the representations and warranties made by Original Mortgage Pool Option Holder in relation to the Loans and their Related Security, provided that the Issuer may only enforce such rights in place of the Seller in the event that the Seller is in breach of its obligation in the preceding sentence.

Consideration for Repurchase

Consideration payable by the Seller in respect of the repurchase of any Loans and their Related Security shall be equal to the Repurchase Price.

Purchase of Mortgage Pool by Mortgage Pool Option Holder

The Mortgage Pool Option Holder may require the Issuer to sell the Loans and its Related Security to the Mortgage Pool Option Holder (or a third-party purchaser nominated by it) on any Business Day falling on or after the day falling 5 Business Days prior to the Call Option Date (the "**Mortgage Pool Purchase**").

Consideration for Purchase Pursuant to Mortgage Pool Purchase

The purchase price payable by the Mortgage Pool Option Holder (or a third party purchaser nominated by it) in respect of the Mortgage Pool Purchase (the "**Mortgage Pool Option Purchase Price**") shall be an amount equal to the higher of (A) an amount which, together with any amounts standing to the credit of the Transaction Account and/or the Reserve Fund, (other than any

amount received on the Loans since the relevant Call Cut-off Date) would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes and the VRR Proportion of such amounts on the Interest Payment Date immediately falling on or following the date on which the Mortgage Pool Option is exercised, redeem all of the Rated Notes then outstanding in full together with accrued and unpaid interest on such Rated Notes and the VRR Loan Note in an amount equal to the VRR Proportion of the Principal Amount Outstanding of the Rated Notes and the VRR Proportion of the accrued and unpaid interest on the Rated Notes, and pay costs associated with the redemption (the "**Base Mortgage Pool Purchase Price**"), as calculated as at the completion date of such Mortgage Pool Purchase (the "**Mortgage Pool Purchase Completion Date**") and (B) the Market Mortgage Pool Purchase Price as determined by the Mortgage Pool Option Holder in accordance with the terms of the a Deed Poll . For the avoidance of doubt, the price payable by the Mortgage Pool Option Holder in respect of the Mortgage Pool Purchase may be greater than the aggregate of the Principal Amount Outstanding of the Rated Notes and the VRR Proportion thereof calculated as at the Mortgage Pool Purchase Completion Date. However such purchase price may not be sufficient to pay back all amounts in respect of the Notes and the VRR Loan Note (other than the Rated Notes and the VRR Loan Note in an amount equal to the VRR Proportion of the Principal Amount Outstanding of the Rated Notes).

Risk Retention Regulatory Change

The Retention Holder shall (subject to the right of first refusal in favour of the Mortgage Pool Option Holder) have the right (but not any obligation) to acquire or re-acquire (or nominate a third party purchaser to acquire) the entire beneficial interest of the Issuer in the Mortgage Pool upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*). The price payable by or on behalf of the Retention Holder (or a third party purchaser nominated by it) to the Issuer to acquire the beneficial interest of the entire Mortgage Pool from the Issuer shall be a price equal to the Risk Retention Mortgage Pool Purchase Price on the Business Day prior to re-acquisition (as to which see further below).

Prior to exercising the Risk Retention Regulatory Change Option the Retention Holder shall give notice of its intention to exercise the Risk Retention Regulatory Change Option to the Issuer (the "**Initial RR Call Notice**") not later than the day falling 60 days before the date on which the Retention Holder intends to exercise the Risk Retention Regulatory Change Option and the Issuer shall send notice of the same to the R Certificateholders in accordance with the Terms and Conditions of the Certificates. The Retention Holder shall, following such notification, consult with the Mortgage Pool Option Holder as to any matters that can be taken to minimise the effect of any Risk Retention Regulatory

Change. The Mortgage Pool Option Holder has a right (but not an obligation) to exercise the Risk Retention Regulatory Change Option in lieu of the Retention Holder provided that it serves notice (the "**MPOH RR Call Notice**") on the Issuer and the Retention Holder within 45 days of receipt of notice from the Issuer of the intention of the Retention Holder to exercise the Risk Retention Regulatory Change Option. Where the Mortgage Pool Option Holder sends a MPOH RR Call Notice, all rights of the Retention Holder in relation to the Risk Retention Regulatory Change Option shall be exercised by the Mortgage Pool Option Holder.

In the event that the Mortgage Pool Option Holder does not serve a MPOH RR Call Notice on the Issuer and the Retention Holder within such 45 day period or at all, all rights in relation to the Risk Retention Regulatory Change Option in respect of the relevant designated Risk Retention Regulatory Change Completion Date shall be held by the Retention Holder, provided that in the event that the Retention Holder does not exercise the Risk Retention Regulatory Change Option on the relevant Risk Retention Regulatory Change Completion Date, the Retention holder shall be required to serve a further Initial RR Call Notice before exercising the Risk Retention Regulatory Change Option and the Mortgage Pool Option Holder will have a further right (but not obligation) to serve a MPOH RR Call Notice and exercise the Risk Retention Regulatory Change Option in lieu of the Retention Holder.

An exercise of a purchase right in respect of the entire Mortgage Pool following a Risk Retention Regulatory Change Event is referred to as the "**Risk Retention Regulatory Change Option**" and is further defined below.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 15 nor less than 5 days' notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) stating that the Notes and the VRR Loan Note will be redeemed on the Interest Payment Date on or immediately following the exercise of such option by the Retention Holder.

It will be a condition of the purchase of all (but not some only) of the Loans comprising the Mortgage Pool following the occurrence of a Risk Retention Regulatory Change Event that each of the Issuer and the Legal Title-Holder, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs), is satisfied that the sale of the Loans will not expose the Issuer or the Legal Title-Holder to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans and that any such sale will not result in the Issuer ceasing to be a "Securitisation Company" for UK tax

purposes. The costs relating to such tax advice shall be borne by the Retention Holder.

"Call Cut-off Date" means close of business on the 15th day of the month immediately preceding the Mortgage Pool Purchase Completion Date or the Risk Retention Regulatory Change Completion Date.

"Risk Retention Mortgage Pool Purchase Price" means an amount equal to:

- (i) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon in respect of the Principal Amount Outstanding of the Notes as at the Interest Payment Date on which or immediately following the date on which the Risk Retention Regulatory Change Option is to be completed plus the VRR Proportion of such amounts; plus
- (ii) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates and, if applicable, the VRR Proportion of such amounts in the Pre-Enforcement Revenue Priority of Payments; less
- (iii) any amounts standing to the credit of the Transaction Account and/or the Reserve Account (other than any amount representing Collections received on the Loans from the relevant Call Cut-off Date).

"Risk Retention Regulatory Change Event" means any change in or the adoption of any new law, rule or regulation which as a matter of English law or U.S. law has a binding effect on the Retention Holder after the Issue Date which would impose a positive obligation on the Retention Holder to take on any credit risk in the Notes over and above that required to be maintained by it under the Mortgage Sale Agreement or otherwise increase its investment or impose any additional material costs on it in respect of its holding of the VRR Loan Note; and

"Risk Retention Regulatory Change Option" means the option of the Retention Holder or the Mortgage Pool Option Holder, as applicable, in the Mortgage Sale Agreement to acquire (or to nominate a third party to acquire) all but not some of the Mortgage Pool following a Risk Retention Regulatory Change Event.

Perfection Events

See "the section entitled *"Overview of Credit Structure and Cash Flow – Triggers Tables – Non-Rating Triggers Table – Perfection Events"*".

On the Issue Date, legal title to the Loans will be vested in and held by the Legal Title-Holder and will not be vested in or held by the Issuer (or its nominee) until certain perfection events occur under the terms of the Mortgage Sale Agreement ("**Perfection Events**"). Prior to the completion of the transfer of the legal title to the Loans, the Issuer will be subject to certain risks as set out in the sections entitled *"Risk Factors – Effect of*

the sale of the Mortgage Pool – The Legal Title-Holder to retain legal title to the Loans and risks relating to set-off".

The Legal Title-Holder may transfer legal title to the Loans to a duly authorised third party or substitute entity at its discretion subject to receipt by the Issuer of a Rating Agency Confirmation unless otherwise agreed by an Extraordinary Resolution of the Most Senior Class.

Servicing of the Mortgage Pool, the Mortgage Administrator and the Legal Title-Holder

The Mortgage Administrator agrees to service the Loans on behalf of the Issuer and the Legal Title-Holder in accordance with the Mortgage Administration Agreement.

In respect of certain specified items, such as the discretionary, as opposed to the procedural, aspects of the enforcement of Loans and their Related Security against Borrowers in default and other discretionary matters, the Issuer has delegated certain decision-making powers to the Legal Title-Holder, who will retain those discretionary powers and exercise such discretionary powers pursuant to and in accordance with the Mortgage Administration Agreement.

Under the Mortgage Administration Agreement, the Issuer will grant the Legal Title-Holder full right, liberty and authority from time to time to determine and set the rate or rates of interest applicable to the Loans in accordance with the terms of such Loans and subject to the terms and conditions of the Mortgage Administration Agreement and advise the Mortgage Administrator (and any delegate thereof) in writing of the interest rate applicable to the Loans as from the Business Day following such rate setting date until the next following rate setting date.

Provided prior notification has been given to the Issuer, the Trustee and the Rating Agencies, the Mortgage Administrator is permitted to sub-contract or delegate its obligations under the Mortgage Administration Agreement subject to the conditions that, *inter alia*, (a) a Rating Agency Confirmation is obtained (or is waived), and (b) the relevant sub-contractor or delegate will perform the mortgage administrator functions on behalf of the Mortgage Administrator so as to ensure that both the Mortgage Administrator and the Legal Title-Holder comply with their obligations under the FSMA and MCOB.

See the sections entitled "*The Mortgage Administrator and the Legal Title-Holder*" and "*Administration, Servicing and Cash Management of the Mortgage Pool*".

Upon the occurrence of a Mortgage Administrator Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee may terminate the agency (and, simultaneously, the rights) of the Mortgage Administrator (such termination to be effective once a replacement Mortgage Administrator is appointed). Following the occurrence of such a Mortgage Administrator Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the

Trustee) or the Trustee (after the service of an Enforcement Notice) shall give notice in writing to the Mortgage Administration Facilitator of such occurrence and request it to identify and select a replacement mortgage administrator. Upon being so notified, the Mortgage Administration Facilitator shall use reasonable endeavours to identify and select a replacement mortgage administrator within 30 calendar days of the occurrence of the applicable Mortgage Administrator Termination Event and provide details of its selection (the "**Proposed Replacement Mortgage Administrator**") to the Issuer, the Legal Title-Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Mortgage Administrator, the Issuer shall appoint the Proposed Replacement Mortgage Administrator as Mortgage Administrator on substantially the same terms as set out in the Mortgage Administration Agreement **provided, however, that** any such appointment shall be subject to the prior written consent of the Trustee and the Legal Title-Holder.

The appointment of the Mortgage Administrator may also be terminated (i) upon the expiry of not less than three months' notice of termination given in writing by either the Mortgage Administrator or the Issuer to the parties to the Mortgage Administration Agreement provided that there is a sale of the Mortgage Pool (pursuant to the exercise of a call option or otherwise), or (ii) upon the expiry of not less than 6 months' notice of termination given in writing by the Mortgage Administrator to the Issuer (copied to the other parties to the Mortgage Administration Agreement), provided that, in each case *inter alia* (A) the Trustee and (in the case of item (i) above) the Issuer consent in writing to such termination and a substitute administrator shall be appointed no later than the date of termination of the Mortgage Administrator ; (B) (in the case of item (ii) above) such substitute administrator enters into an agreement on substantially the same terms as the relevant terms of the Mortgage Administration Agreement and the Mortgage Administrator shall not be released from its obligations under the relevant provisions of the Mortgage Administration Agreement until such substitute administrator has entered such new agreement.

Upon the occurrence of a Legal Title-Holder Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee may give notice to terminate the agency (and, simultaneously, the rights) of the Legal Title-Holder (such termination to be effective once a replacement legal title-holder has been appointed). Following the occurrence of such a Legal Title-Holder Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or the Trustee (after the service of an Enforcement Notice) shall give notice in writing to the Legal Title-Holder Facilitator of such occurrence and request it to identify and select a replacement legal title-holder. Upon being so notified, the Legal Title-Holder Facilitator shall use reasonable endeavours to

identify and select a replacement legal title-holder within 30 calendar days of the occurrence of the applicable Legal Title-Holder Termination Event and provide details of its selection (the "**Proposed Replacement Legal Title-Holder**") to the Issuer, the Mortgage Administrator and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Legal Title-Holder, the Issuer shall appoint the Proposed Replacement Legal Title-Holder as Legal Title-Holder, as appropriate, on substantially the same terms as set out in the Mortgage Administration Agreement, **provided however that** any such appointment shall be subject to the prior written consent of the Trustee and the Mortgage Administrator, and the parties will enter into such documents as may be required to facilitate the legal title transfer.

In addition, the appointment of the Legal Title-Holder under the Mortgage Administration Agreement may be terminated (i) upon the expiry of not less than three months' notice of termination given in writing by the Legal Title-Holder or the Issuer to the other parties to the Mortgage Administration Agreement, provided that there is a sale of the Mortgage Pool (pursuant to the exercise of a call option or otherwise) or (ii) upon the expiry of not less than six months' notice of termination given in writing by the Legal Title-Holder to the other parties to the Mortgage Administration Agreement, provided that a substitute legal title-holder has been appointed.

See "*Mortgage Administrator Termination Events*" and "*Legal Title-Holder Termination Events*" in the section entitled "*Overview of Credit Structure and Cash Flow – Triggers Tables – Non-Rating Triggers Table*".

Servicer Administrator

Pursuant to the Mortgage Administration Agreement, Credit Suisse International (in its capacity as Servicer Administrator) will carry out certain ongoing administration roles in relation to the securitisation. See "*Administration, Servicing and Cash Management of the Mortgage Pool – Mortgage Administration Agreement*".

TRANSACTION OVERVIEW – FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

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

	Class A	Class B	Class C	Class D	Class E	Class F	Class G	Class H	Class X	Class ZI	Class Z2	S Certificates	R Certificates
Currency.....	£	£	£	£	£	£	£	£	£	£	£	£	£
Initial Principal Amount.....	£1,935,215,000	£141,171,000	£64,703,000	£21,176,000	£42,351,000	£42,351,000	£23,528,000	£82,350,000	£28,236,000	£15,293,000	£9,411,000	N/A	N/A
Credit Enhancement	Subordination of B Notes, C Notes, D Notes, E Notes, F Notes, G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	Subordination of C Notes, D Notes, E Notes, F Notes, G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	Subordination of D Notes, E Notes, F Notes, G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	Subordination of E Notes, F Notes, G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	Subordination of F Notes, G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	Subordination of G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	Subordination of H Note; Excess Spread, Non-Liquidity Reserve Fund	N/A	N/A	N/A	N/A	Subordination of B Notes, C Notes, D Notes, E Notes, F Notes, G Notes, H Notes; Excess Spread; Non-Liquidity Reserve Fund	N/A
Liquidity Support	Non-Liquidity Reserve Fund, Liquidity Reserve Fund and Available Principal Funds to make up a Revenue Shortfall	Non-Liquidity Reserve Fund and Available Principal Funds to make up an Interest Shortfall subject to the B Notes being the Most Senior Class	Non-Liquidity Reserve Fund and Available Principal Funds to make up an Interest Shortfall subject to the C Notes being the Most Senior Class	Non-Liquidity Reserve Fund and Available Principal Funds to make up an Interest Shortfall subject to the D Notes being the Most Senior Class	Non-Liquidity Reserve Fund and Available Principal Funds to make up an Interest Shortfall subject to the E Notes being the Most Senior Class	Non-Liquidity Reserve Fund and Available Principal Funds to make up an Interest Shortfall subject to the F Notes being the Most Senior Class	Non-Liquidity Reserve Fund and Available Principal Funds to make up an Interest Shortfall subject to the G Notes being the Most Senior Class	N/A	N/A	N/A	N/A	Non-Liquidity Reserve Fund, Liquidity Reserve Fund and Available Principal Funds to make up a Revenue Shortfall	N/A
Issue Price	100%	100%	100%	100%	100%	100%	100%	51.43%	100%	100%	100%	N/A	N/A
Interest Reference Rate on Notes ...	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A	Compounded Daily SONIA	Compounded Daily SONIA	N/A	Class S Payment	Residual Payment
Relevant Margin prior to Step-Up Date	1.05% per annum	1.75% per annum	2.10% per annum	2.50% per annum	3.50% per annum	3.50% per annum	3.50% per annum	N/A	4.50% per annum	6.00% per annum	N/A	N/A	N/A
Relevant Margin following Step-Up Date	1.58% per annum	2.63% per annum	3.10% per annum	3.50% per annum	4.50% per annum	4.50% per annum	4.50% per annum	N/A	4.50% per annum	7.00% per annum	N/A	N/A	N/A
Step-Up Date	August 2022	August 2022	August 2022	August 2022	August 2022	August 2022	August 2022	N/A	N/A	August 2022	N/A	N/A	N/A

Interest Accrual Method.....	Actual/365 (sterling)	Actual/365 (sterling)	Actual/365 (sterling)	Actual/365 (sterling)	Actual/365 (sterling)	Actual/365 (sterling)	Actual/365 (sterling)	N/A	Actual/365 (sterling)	Actual/365 (sterling)	N/A	N/A	N/A
Interest Payment Dates	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	NA	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year	N/A	25 February, 25 May, 25 August, 25 November each year	25 February, 25 May, 25 August, 25 November each year
Business Day Convention	Following	Following	Following	Following	Following	Following	Following	Following	Following	Following	Following	Following	Following
First Interest Payment Date ...	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019	Interest Payment Date falling in November 2019
First Interest Period	The period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.												
Pre-Enforcement Redemption Profile	Sequential pass-through redemption. Please refer to Note Condition 5 (<i>Redemption</i>).												
Post-Enforcement Redemption Profile	Pass-through redemption in accordance with the Post-Enforcement Priority of Payments. Please refer to Note Condition 2(e) (<i>Post-Enforcement Priority of Payments</i>).												
Call Option Date	Any Interest Payment Date falling on or after August 2022.												
Clean Up Call	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
Pre-Call Redemption	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through from residual Available Revenue Funds	Sequential pass-through from residual Available Revenue Funds	Sequential pass-through from residual Available Revenue Funds	Sequential pass-through from residual Available Revenue Funds	Sequential pass-through from residual Available Revenue Funds
Post-Call Redemption Profile	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through from available residual funds	Sequential pass-through from available residual funds	Sequential pass-through from Available Revenue Funds	Sequential pass-through from available residual funds	Sequential pass-through from available residual funds
Other Early Redemption in Full Events	Optional Redemption in Full. Please refer to Note Condition 5(e) (<i>Optional Redemption in Full</i>). Tax call. Please refer to Note Condition 5(f) (<i>Optional Redemption for Taxation or Other Reasons</i>). Risk Retention Regulatory Change call. Please refer to Note Condition 5(g) (<i>Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option</i>).												
Final Maturity Date	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053	May 2053
Form of the Notes/Certificate	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Certificates	Registered Global Certificates
Application for Listing	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A	N/A

Reg S ISIN	XS2033254959	XS2033255170	XS2033255097	XS2033255253	XS2033255337	XS2033255410	XS2033255501	XS2033255683	XS2033255766	XS2033255840	XS2033255923	XS2033256061	XS2033256228
Rule 144 A ISIN	XS2033256145	XS2033256491	XS2033256657	XS2033256574	XS2033256731	XS2033256905	XS2033256814	XS2033257036	XS2033257119	XS2033257382	XS2033257200	XS2033257465	XS2033257549
Reg S Common Code	203325495	203325517	203325509	203325525	203325533	203325541	203325550	203325568	203325576	203325584	203325592	203325606	203325622
Rule 144A Common Code	203325614	203325649	203325665	203325657	203325673	203325690	203325681	203325703	203325711	203325738	203325720	203325746	203325754
Clearance/Settlement	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Ratings (Moody's/S&P)	Aaa(sf)/AAA(sf)	Aa3(sf)/AA+(sf)	Baa1(sf)/AA(sf)	Ba1(sf)/AA-(sf)	B2(sf)/A(sf)	Caa2(sf)/BBB+(sf)	(Ca(sf)/BBB-(sf)	N/A	N/A	N/A	N/A	N/A	N/A
Minimum Denomination	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	£250,000 and integral multiples of £1,000 in excess thereof	N/A	N/A

TRANSACTION OVERVIEW – TERMS AND CONDITIONS OF THE NOTES, THE VRR LOAN NOTE AND THE CERTIFICATES

Please refer to the section entitled "*Terms and Conditions of the Notes*" for further information in respect of the terms of the Notes, and "*Terms and Conditions of the Certificates*" for further information in respect of the Certificates.

Form, registration and transfer of the Notes

The Notes of each Class will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.

The Notes will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg to be held under the New Safekeeping Structure ("NSS").

Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream and their respective participants. See "*Summary of Provisions relating to the Notes while in Global Form*".

Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form (the "**Definitive Notes**") will not be issued in exchange for beneficial interests. See "*Summary of Provisions relating to the Notes while in Global Form*".

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. See "*Summary of Provisions relating to the Notes while in Global Form*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Note Condition 1(b) (*Title and transfer*).

Additionally, on the Issue Date, the Issuer will create the VRR Loan Note. The VRR Loan Note will be issued in registered form.

Ranking

The Notes within each Class will rank *pari passu* and rateably without any preference or priority among themselves as to payment of interest and principal at all times.

In addition, payments will be made to the VRR Loan Noteholder on a *pari passu* and *pro rata* basis with payments on the Notes and the Certificates, in accordance with the VRR Loan Note Agreement and the Transaction Documents.

The A Notes will rank senior to the other Classes of Notes as to payments of interest (other than in respect of the Class S Payment in respect of the S Certificates which rank *pari passu* as to interest) and principal at all times.

The Most Senior Class is:

- (a) the A Notes whilst they remain outstanding; and

- (b) thereafter, the B Notes whilst they remain outstanding;
and
- (c) thereafter, the C Notes whilst they remain outstanding;
and
- (d) thereafter, the D Notes whilst they remain outstanding;
and
- (e) thereafter, the E Notes whilst they remain outstanding;
and
- (f) thereafter, the F Notes whilst they remain outstanding;
and
- (g) thereafter, the G Notes whilst they remain outstanding;
and
- (h) thereafter, the H Notes whilst they remain outstanding;
and
- (i) thereafter, the X Notes whilst they remain outstanding;
and
- (j) thereafter, the Z1 Notes whilst they remain outstanding;
and
- (k) thereafter, the Z2 Notes whilst they remain outstanding;
and
- (l) thereafter, the S Certificates whilst they remain
outstanding; and
- (m) thereafter, the R Certificates whilst they remain
outstanding.

Ranking of Payments of Interest

Payments of interest on the Notes will be made in the following order of priority (in each case subject to the relevant Priority of Payments):

- (a) *first, pari passu* to the A Notes and the Class S Payment to the S Certificates;
- (b) *second*, to the B Notes;
- (c) *third*, to the C Notes;
- (d) *fourth*, to the D Notes;
- (e) *fifth*, to the E Notes;
- (f) *sixth*, to the F Notes;
- (g) *seventh*, to the G Notes;
- (h) *eighth*, to the X Notes; and
- (i) *ninth*, to the Z1 Notes.

See Note Condition 4 (*Interest*) for further information.

Ranking of Payments of Principal

Payments of principal on the Notes will be made in the following order of priority (in each case subject to the relevant Priority of Payments) using Available Principal Funds:

- (a) *first*, to the A Notes;

- (b) *second*, to the B Notes;
- (c) *third*, to the C Notes;
- (d) *fourth*, to the D Notes;
- (e) *fifth*, to the E Notes;
- (f) *sixth*, to the F Notes;
- (g) *seventh*, to the G Notes; and
- (h) *eighth*, to the H Notes.

Payments of principal on the X Notes, the Z1 Notes and the Z2 Notes will be made in the following order of priority (in each case subject to the relevant Priority of Payments) using Available Revenue Funds:

- (a) *first*, to the X Notes;
- (b) *second*, to the Z1 Notes; and
- (c) *third*, to the Z2 Notes,

provided that following the Step-Up Date, surplus Available Revenue Funds available following payment of items (v)(R) and (vi)(R) of the Pre-Enforcement Revenue Priority of Payments will be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and Z2 Notes) have been redeemed in full before paying interest and principal on the X Notes and Z1 Notes, and principal on the Z2 Notes.

Redemption Event

Payments of interest and principal on the Notes, and the VRR Loan Note, will be made in accordance with the Post-Enforcement Priority of Payments from (and including) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes, and the VRR Loan Note, to be due and repayable, or on the occurrence of any of (a) the Final Maturity Date, (b) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Note Condition 5(d) (*Mandatory Redemption*), Note Condition 5(e) (*Optional Redemption in Full*) or Note Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) or Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) or (c) the date on which the H Notes have been redeemed in full (in the case of item (a) to (c) above) each such date a "**Redemption Event**").

See Note Condition 5 (*Redemption*) for further information.

Payments on the X Notes, the Z1 Notes and the Z2 Notes

Investors in the X Notes, the Z1 Notes and the Z2 Notes should also be aware that prior to (a) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (b) the occurrence of a Redemption Event, payments in respect of the X Notes, the Z1 Notes and the Z2 Notes shall be payable only out of residual Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments.

Following (i) the date on which the Trustee serves an Enforcement

Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) a Redemption Event, payments in respect of the X Notes, the Z1 Notes and the Z2 Notes will be made in accordance with the Post-Enforcement Priority of Payments.

Payments in respect of the X Notes, the Z1 Notes and the Z2 Notes will only be payable to the extent there are residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or residual funds under the Post-Enforcement Priority of Payments, if applicable).

Following the Step-Up Date, any Available Revenue Funds available following payment of items (v)(R) and (vi)(R) of the Pre-Enforcement Revenue Priority of Payments will be applied as Available Principal Funds to redeem the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) until the Notes (other than the X Notes and the Z1 Notes and Z2 Notes) have been redeemed in full before paying interest and principal on the X Notes and the Z1 Notes, and principal on the Z2 Notes.

No payments of principal will be made on the Z2 Notes until the Senior Notes have been repaid in full.

Payments on the Certificates

Each S Certificate represents the *pro rata* entitlement to receive the Class S Payment (in respect of the S Certificate) by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool. The Class S Payment shall be payable in accordance with the Certificates Conditions.

Each R Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool.

Payments in respect of the R Certificates shall only be payable out of residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or, after (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, under the Post-Enforcement Priority of Payments). For the avoidance of doubt, any residual balance following payment of all senior items in the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments will first be payable to the holders of the X Notes, then the Z1 Notes and, in circumstances where the Senior Notes have been repaid in full, the Z2 Notes.

Security

The Notes, the VRR Loan Note and the Certificates are secured and will share the Security with other Secured Creditors as set out in, and created pursuant to, the Deed of Charge described in Note Condition 2(b) (*Security*). The Security granted by the Issuer pursuant to the Deed of Charge includes:

- (a) first fixed equitable charge of the Issuer's right, title, interest and benefit present and future in, to and under the Loans, the Mortgages and Related Security (save, in respect of the Scottish Loans, the Scottish Mortgages and

- their Related Security and any Insurance Contracts relating to the Loans);
- (b) an assignation in security in favour of the Trustee over the Issuer's right, title, benefit and interest in, to and under the Scottish Loans, Scottish Mortgages and their Related Security (comprising the Issuer's beneficial interest under the trust(s) declared by the Legal Title-Holder pursuant to each Scottish Declaration of Trust);
 - (c) an equitable assignment in favour of the Trustee of the Issuer's interests in the Insurance Contracts to the extent that they relate to the Loans;
 - (d) an assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Charged Obligation Documents (other than the Trust Deed (and any deed expressed to be supplemental thereto), the Scottish Declaration of Trust, the Scottish Trust Security and the Deed of Charge);
 - (e) a first fixed equitable charge in favour of the Trustee over (i) the Issuer's interest in the Transaction Accounts and any Authorised Investments, (ii) the Issuer's beneficial interest in the Collection Accounts, and (iii) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
 - (f) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (a) to (e) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer, including all of its assets located in or otherwise governed by Scots law.

Some of the other secured obligations rank senior to the Issuer's obligations under the Notes and Certificates in respect of the allocation of proceeds as set out in the Post-Enforcement Priority of Payments.

See also the Risk Factor "*Risk Factors – General Risk Factors and Certain Tax and Regulatory Considerations*".

Interest Deferral

To the extent that, on any Interest Payment Date, the Issuer does not have sufficient funds to pay in full interest due on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes or the Z1 Notes, this payment may be deferred. Any amounts of Interest Shortfall in respect of the Notes will accrue additional interest as described in Note Condition 4(h) (*Deferral of Interest*) and payment of any additional interest will also be deferred. The non-payment of any Deferred Interest on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes or the Z1 Notes will not be an Event of Default, except if such non-payment occurs on or after the Final Maturity Date. For the avoidance of doubt, the non-payment of interest (in accordance with the Note Conditions) on any A Notes shall be an Event of Default (in accordance with the Note Conditions) and the non-payment of amounts due on the

S Certificates shall be an Event of Default (in accordance with the Certificates Conditions).

Payment of the shortfall representing Interest Shortfall and such additional interest will be deferred until the first Interest Payment Date on which the Issuer has sufficient funds, **provided that** the payment of such shortfall shall not be deferred beyond the Final Maturity Date, as described in Note Condition 4(h) (*Deferral of Interest*). On such date, any amount which has not by then been paid in full shall become due and payable.

Gross-up

None of the Issuer, the Principal Paying Agent, any other Paying Agent nor any other person will be obliged to gross-up payments to the Noteholders or Certificateholders if there is any withholding or deduction for or on account of taxes from any payments made to the Noteholders or Certificateholders.

Redemption

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

- (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Note Condition 5(a) (*Final Redemption of the Notes*);
- (b) mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date, subject to the availability of Available Principal Funds on the basis of sequential pass-through redemption, as fully set out in Note Condition 5(b) (*Mandatory Redemption of the Notes*);
- (c) in the event the option set out in the Deed Poll is exercised, mandatory redemption of the Notes and the VRR Loan Note in whole (but not in part) on the Step-Up Date or any Interest Payment Date thereafter (the "**Call Option Date**") with the proceeds of a sale of the Charged Property pursuant to the Deed Poll (together with any amounts then standing to the credit of the Transaction Account and any other funds available to the Issuer) (as fully set out in Note Condition 5(d) (*Mandatory Redemption*));
- (d) optional redemption exercisable by the Issuer in whole (but not in part) with the proceeds of a sale of the Charged Property (together with any amounts then standing to the credit of the Transaction Account and any other funds available to the Issuer, including the Reserve Fund), if the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes is less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes upon issue, as fully set out in Note Condition 5(e) (*Optional Redemption in Full*);
- (e) optional redemption exercisable by the Issuer in whole (but not in part) for tax reasons, as fully set out in Note

Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*); and

- (f) optional redemption exercisable by the Issuer in whole (but not in part) following the exercise of the Risk Retention Regulatory Change Option, as fully set out in Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*).

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 together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Notes to be redeemed, in each case, up to (but excluding) the date of redemption. The VRR Loan Note will be redeemed in whole or in part on a simultaneous and *pari passu* basis with the Notes.

Relevant Dates and Periods

Issue Date: The date of initial issuance for the Notes, the VRR Loan Note and the Certificates will be 27 August 2019 (or such other date as the Issuer and the Joint Lead Managers may agree).

Interest Payment Date: Each interest-bearing Note will bear interest on its Principal Amount Outstanding from, and including, the Issue Date. Interest will be payable in respect of the Notes quarterly in arrear on 25 February, 25 May, 25 August and 25 November in each year or, if such day is not a Business Day, the following Business Day. The first Interest Payment Date in respect of the Notes will be the Interest Payment Date falling on November 2019.

Interest Period: The period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, **provided that** the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.

Observation Period The period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five London Banking

	Days prior to any such earlier date, if any, on which the Notes become due and payable).
Business Day:	A day on which commercial banks and foreign exchange markets settle payments in London and Dublin, being a day other than a Saturday, a Sunday, or a bank holiday.
Determination Date:	The second Business Day prior to each Interest Payment Date. The Determination Date is the date on which the Cash Administrator will be required to calculate, among other things, the amounts required to pay interest and principal in respect of the Notes (as set out in the Cash Administration Agreement).
Determination Period:	Each Determination Period is the period ending on the fifteenth calendar day of the calendar month in which a Determination Date falls and starting on the calendar day immediately following the fifteenth calendar day of the calendar month in which the immediately preceding Determination Date falls, save in respect of the first Determination Period which shall start on the Issue Date.
Interest Determination Date:	The Agent Bank will at 11.00 a.m. (London time) on the fifth Business Day prior to each Interest Payment Date, determine the rate of SONIA applicable to, and calculate the amount of interest payable on, the relevant Notes for the Interest Period which ends immediately following such Interest Determination Date.

Events of Default

As fully set out in Note Condition 9 (*Events of Default*) and Certificates Condition 6 (*Events of Default*), which includes (where relevant, subject to the applicable grace period):

- (a) non-payment by the Issuer of any interest in respect of the A Notes or non-payment in respect of the S Certificates within 10 Business Days of the due date in each case;
- (b) non-payment by the Issuer of any deferred and unpaid interest due on the Final Maturity Date in respect of any of the Notes;
- (c) non-payment by the Issuer of principal due on the Final Maturity Date in respect of the Notes;

- (d) breach of contractual obligations by the Issuer under the Notes or the Trust Deed where such failure continues for a period of 30 days;
- (e) certain insolvency events of the Issuer (as more fully set out in Note Conditions 9(e) to (g) (*Events of Default*)) and Certificates Conditions 6(c) to (e) (*Events of Default*); or
- (f) it is or will become unlawful for the Issuer to perform or comply with its obligations,

provided that, in respect of paragraph (d) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

Enforcement

If an Event of Default has occurred and is continuing, the Trustee may, and shall, if so requested (a) in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or (b) by an Extraordinary Resolution of the Noteholders of the Most Senior Class (but, in each case, only if it has been indemnified and/or secured and/or pre-funded to its satisfaction) deliver an Enforcement Notice and institute such proceedings as it may think fit to enforce payment of the Notes together with accrued interest. Upon the service of an Enforcement Notice on the Issuer, the VRR Principal Amount shall immediately become due and repayable, together with any other VRR Payment Amounts. See the section entitled "*Description of the VRR Loan Note*" for more information.

Limited Recourse

All the Notes, the Certificates and the VRR Loan Note are limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Note Condition 10(b) (*Limited Recourse*) and Certificates Condition 7(b) (*Limited Recourse*).

Non-Petition

The Noteholders, the Certificateholders and the VRR Noteholder shall not be entitled to take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing. Please see Note Condition 10(c) (*Non-Petition*) and Certificates Condition 7(c) (*Non-Petition*).

Governing Law

English law (provided that the terms of any Transaction Documents which are particular to Scots law shall be construed in accordance with Scots law, and the Scottish Releases, the Scottish Declaration of Trust and the Scottish Trust Security shall be governed by Scots law and any terms of the Transaction Documents which are particular to the laws of Northern Ireland shall be construed in accordance with laws of Northern Ireland).

**RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND
RELATIONSHIP WITH OTHER SECURED CREDITORS**

Please refer to the sections entitled "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Certificates*" for further details in respect of the rights of Noteholders and Certificateholders, and the conditions for exercising such rights and relationships with other Secured Creditors.

Convening a meeting

The Issuer or the Trustee may convene Noteholder meetings (at the cost of the Issuer) for any purpose, including consideration of Extraordinary Resolutions and Ordinary Resolutions.

The Trustee shall be obliged convene a Noteholder meeting (at the cost of the Issuer) upon the request in writing of a Class or Classes of Noteholders holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding of the relevant Class or Classes, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction.

However, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or through the Trustee, without the consent of the Issuer and, if applicable, certain other Transaction Parties, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

Right to direct the Trustee to give an Enforcement Notice

If an Event of Default occurs and is continuing, the holders of the Most Senior Class may, if they hold at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or if they pass an Extraordinary Resolution, direct the Trustee to give an Enforcement Notice to the Issuer pursuant to which each Class of the Notes shall become immediately due and repayable at their respective Principal Amount Outstanding, together with any accrued interest, and the Trustee shall give such Enforcement Notice to the Issuer subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction.

Noteholders and Certificateholders Meeting Provisions

	Initial Meeting	Adjourned Meeting
Notice period:	21 clear days for the initial meeting.	10 days for meeting adjourned through want of quorum. Adjourned meeting must be convened not less than 14 nor more than 42 clear days later than the initial meeting.
Quorum for Ordinary Resolution:	One or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or	One or more persons holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or

Classes of Notes or two or more persons holding or representing not less than 25 per cent. of the outstanding Certificates, as applicable outstanding for the initial meeting.

Classes of Notes or two or more persons holding or representing any proportion of the Certificates which the persons constituting the quorum are holding or representing, as applicable outstanding for the adjourned meeting.

Quorum for Extraordinary Resolution (other than to approve a Basic Terms Modification):

One or more persons holding or representing more than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or two or more persons holding or representing not less than 50 per cent. of the outstanding Certificates, as applicable outstanding for the initial meeting.

One or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or two or more persons holding or representing any proportion of the Certificates which the persons constituting the quorum are holding or representing, as applicable outstanding for the adjourned meeting.

Quorum for Extraordinary Resolution to approve a Basic Terms Modification:

One or more persons holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or two or more persons holding or representing not less than 75 per cent. of the outstanding Certificates, as applicable outstanding for the initial meeting.

One or more persons holding or representing more than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or two or more persons holding or representing any proportion of the Certificates which the persons constituting the quorum are holding or representing 50 per cent. of the

Certificates, as applicable outstanding for the adjourned meeting.

Required majority for Ordinary Resolution: Not less than 50.1 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 50.1 per cent. of the votes cast on such poll.

Required majority for Extraordinary Resolution: Not less than 75 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 75 per cent. of the votes cast on such poll.

Written Resolution: In the case of an Extraordinary Resolution, not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates, as applicable. In the case of an Ordinary Resolution, not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates, as applicable. A written resolution has the same effect as an Ordinary Resolution or an Extraordinary Resolution (as applicable). There is no requirement as to the minimum number of Noteholders or Certificateholders of any Class, as applicable, who must vote in favour of a written resolution.

Basic Terms Modification

Any amendment to the following matters would be a Basic Terms Modification which requires an Extraordinary Resolution of the affected Class or Classes of Notes or Certificates:

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes or the dates on which amounts are payable in respect of the Certificates;
- (b) any reduction of the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes (save for any changes to the reference rate);
- (c) the method of calculating the amounts due in respect of the Certificates;
- (d) the definition of Residual Payment;
- (e) the definition of Class S Payment;
- (f) the priority of payment of interest or principal on the Notes or of payments due in respect of the Certificates;
- (g) the currency of payment of the Notes or of the Certificates or the method of calculation of the amount payable in respect of the Notes or Certificates (including, in relation to any Class of Notes or Certificates, if any such modification is proposed for any Class of Notes

- ranking *pari passu* to or senior to such Class or the Certificates in the Priorities of Payments);
- (h) the definition of Basic Terms Modification;
- (i) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or of the Certificates;
- (j) the definition of Events of Default;
- (k) Clause 20 (Modification, Waiver and Substitution) of the Trust Deed;
- (l) a release of the Security other than in accordance with the provisions of the Transaction Documents;
- (m) the provisions concerning the quorum required at any meeting of Noteholders or Certificateholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution;
- (n) limb (a) of the definition of "Event of Default" under the Note Conditions or the Certificates Conditions; or
- (o) the ability of the S Certificateholder to benefit from the Reserve Fund.

Negative Consent

An Extraordinary Resolution or Ordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification but, including, for the avoidance of doubt, any changes to the reference rate applicable to the Notes) will be passed by a Class or Classes of Notes if, within 40 days of a notice to such Class or Classes of Noteholders which:

- (a) contains the text of such Extraordinary Resolution or Ordinary Resolution;
- (b) invites such Noteholders to object to such Extraordinary Resolution or Ordinary Resolution;
- (c) details the manner in which objections to such Extraordinary Resolution or Ordinary Resolution should be made; and
- (d) is given to such Class or Classes of Noteholders in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*) by the Issuer, the Trustee or the Cash Administrator,

10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of such Class or Classes have not informed the Issuer in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution.

Upon the Issuer receiving objections from Noteholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, the Issuer shall give notice to the relevant Class or Classes of Noteholders in accordance with the

provisions of Note Condition 13 (*Notice to Noteholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Noteholders may be called in accordance with the provisions of Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*).

Matters Requiring Extraordinary Resolution

The following matters require an Extraordinary Resolution unless otherwise specified in the Transaction Documents:

- (a) to sanction any Basic Terms Modification;
- (b) to agree to any modification of any Transaction Document;
- (c) to agree to any modification of the Note Conditions or the Certificates Conditions;
- (d) to authorise or direct anyone to concur in and do anything necessary to carry out or give effect to an Extraordinary Resolution;
- (e) to appoint any persons (whether Noteholders or not) as a committee or committees to represent Noteholders' interests and to confer on them powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- (f) to waive any breach or authorise any proposed breach by the Issuer or any other person of its obligations under or in respect of the Trust Deed, the Notes, the Certificates or the other Transaction Documents or any act or omission which might otherwise constitute an Event of Default under the Notes or the Certificates;
- (g) to approve a proposed new Trustee and to remove a Trustee;
- (h) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Trust Deed or the Deed of Charge; and
- (i) to discharge and exonerate the Trustee from Liability in respect of any act or omission for which it may become responsible under the Trust Deed, the Notes or the other Transaction Documents.

Relationship between Classes of Noteholders and Certificateholders

Subject to the provisions in respect of a Basic Terms Modification and the VRR Entrenched Rights, a resolution of Noteholders of the Most Senior Class shall be binding on all other Classes of the Notes, the VRR Loan Note and the Certificates and would override any resolutions to the contrary of the Classes and Certificates ranking behind such Most Senior Class.

A Basic Terms Modification requires an Extraordinary Resolution of each relevant affected Class of Notes or Certificates then outstanding or in issue, as applicable.

Seller or Retention Holder as Noteholder or Certificateholder

The Seller and/or the Retention Holder will have a right to vote in respect of any Notes or Certificates it holds. Similarly, any affiliate of the Retention Holder will have a right to vote in respect of any Notes or Certificates it holds.

Relationship between Noteholders, Certificateholders, the VRR Loan Noteholder and other Secured Creditors

So long as any Notes or the VRR Loan Note are outstanding and where, in the opinion of the Trustee, there is a conflict between the interests of the Noteholders and the other Secured Creditors (subject always to the VRR Entrenched Rights), the Trustee shall, notwithstanding anything to the contrary contained in the Transaction Documents or the Notes, have regard only to the Noteholders, and none of the other Secured Creditors or the VRR Loan Noteholder shall have any claim against the Trustee for so doing. After the Notes have been redeemed in full and so long as there are any Certificates outstanding and there is a conflict between the interest of the Certificateholders and the other Secured Creditors, the Trustee will have regard solely to the interests of the Certificateholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to it and to act in accordance with the applicable Priority of Payments and the Secured Creditors shall have no claim against the Trustee for doing so.

Provision of Information to the Noteholders and Certificateholders

The Cash Administrator will provide an investor report on a quarterly basis containing information in relation to the Notes and Certificates, including, but not limited to, ratings of the Rated Notes, amounts paid by the Issuer pursuant to the relevant Priority of Payments in respect of the relevant period and required counterparty information (as set out in the Cash Administration Agreement).

Modification

The Trustee may, without the consent or sanction of any of, or any liability to, the Noteholders or Certificateholders:

- (a) concur with the Issuer and any other relevant parties in making or sanctioning:
 - (i) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation;
 - (ii) any other modification (excluding a Basic Terms Modification and subject to the VRR Entrenched Rights), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or

authorisation); or

(iii) any modification of any of the provisions of the Transaction Documents, which in the opinion of the Trustee, is necessary to facilitate; (A) the appointment of a replacement Mortgage Administrator selected by the Mortgage Administration Facilitator in accordance with the terms of the Mortgage Administration Agreement; or (B) the appointment of a replacement legal title-holder selected by the Legal Title-Holder Facilitator in accordance with the terms of the Mortgage Administration Agreement or (C) the appointment of a replacement Cash Administrator or (D) compliance with requirements under the Securitisation Regulation; and/or

(b) determine that an Event of Default or Potential Event of Default will not be treated as such where, in the opinion of the Trustee, such determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant determination),

provided that (i) the Trustee will not do so in contravention of an express direction given by holders of the Most Senior Class or a request made pursuant to Note Condition 9 (*Events of Default*) and Certificates Condition 6 (*Events of Default*) and (ii) the Trustee will have regard to the VRR Entrenched Rights when determining whether to consent to such modification, waiver, authorisation or determination.

Other than in respect of a VRR Entrenched Right, the Trustee shall be obliged, without the consent or sanction of any of the Noteholders or any other Secured Creditor (including the VRR Noteholder), to concur with the Issuer in making any modifications to the Transaction Documents and/or the Conditions that are requested by the Issuer in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date or any requirements under the Securitisation Regulation, provided that, for the avoidance of doubt, the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee, would have the effect of (I) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (II) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Trustee in respect of the Notes, in the Transaction Documents and/or the Conditions.

The Trustee shall not be obliged to agree to any modification pursuant to the Trust Deed, the Deed of Charge or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (A) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (B) adding to or increasing the

obligations, liabilities or duties, or decreasing the protections, of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions.

Communication with Noteholders

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

- (a) for so long as the Notes are in global form:
 - (i) through the regulated information service maintained or recognised by Euronext Dublin (and any notice containing material, non-public information will be given in this manner);
 - (ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; or
 - (iii) by delivery to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes (or such other medium for electronic display of data as may be approved in writing by the Trustee); or
- (b) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*).

A copy of each notice given in accordance with Note Condition 13 (*Notice to Noteholders*) will be provided to (for so long as any Rated Note is outstanding) the Rating Agencies.

The Issuer will give notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) of any additions to, deletions from or alterations to such methods from time to time.

Provision of Information to the Noteholders

Information in respect of the underlying Mortgage Pool will be provided to the investors on an ongoing basis. See the section entitled "*General Information*" for further information.

Rating Agency Confirmation

The implementation of certain matters will, pursuant to the Transaction Documents, be subject to either (i) the receipt of written confirmation from each Rating Agency that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn and delivery by the Issuer of a copy of each such confirmation to the Trustee, or (ii) the receipt of written certification from the Issuer that the Rating Agencies then rating the Notes have been informed of the proposed modification and none of such Rating Agencies has indicated that such modification would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Rated Notes.

VRR Loan Noteholder

The VRR Loan Noteholder will not be entitled to convene, count in the quorum or pass resolutions at a meeting of Noteholders or Certificateholders, save that, in respect of any matter that constitutes a VRR Entrenched Right, the prior written consent of

the VRR Loan Noteholder will be required.

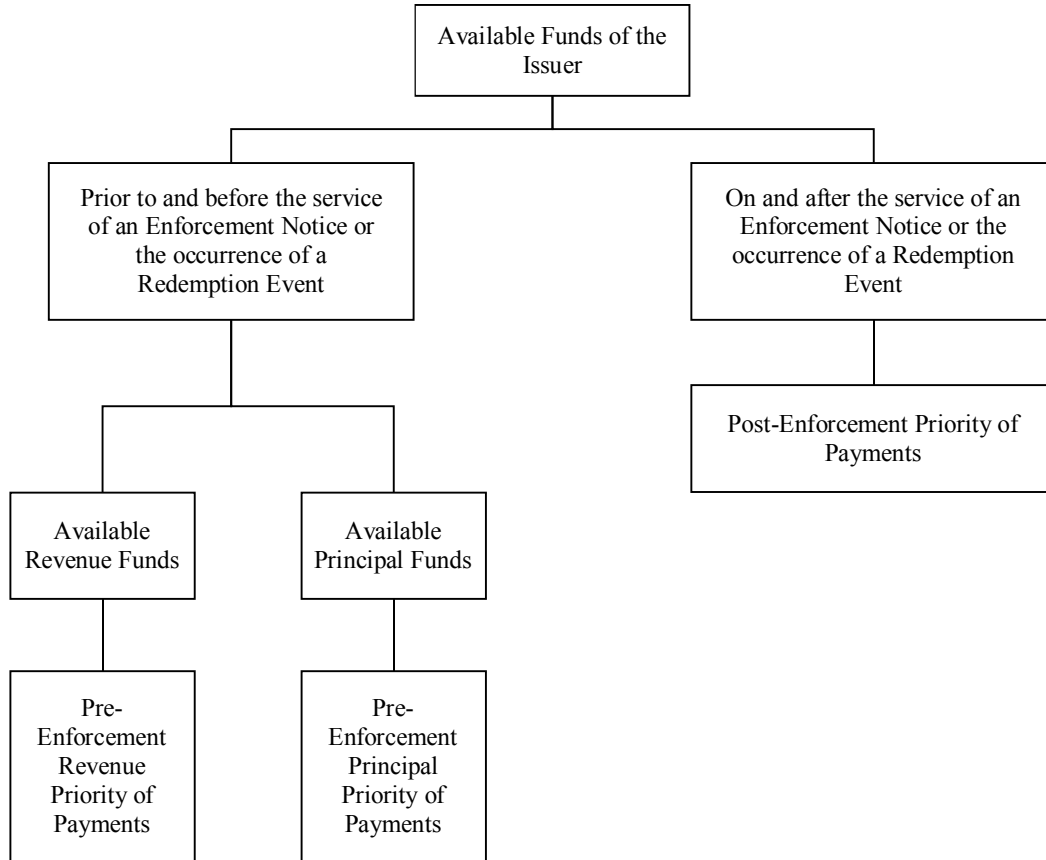
Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the VRR Loan Note (other than any resolutions in respect of a VRR Entrenched Right) if passed in accordance with the Conditions. No Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver which constitutes a VRR Entrenched Right unless the VRR Loan Noteholder has consented to such modification or waiver (in writing).

VRR Entrenched Rights

Notwithstanding any other provision of the Conditions, the VRR Loan Note Agreement, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which affects any VRR Entrenched Rights, unless the VRR Loan Noteholder has consented to such modification or waiver in writing.

OVERVIEW OF CREDIT STRUCTURE AND CASH FLOW

Please refer to sections entitled "*Credit Structure*" and "*Administration, Servicing and Cash Management of the Mortgage Pool*" for further details in respect of the credit structure and cash flows of the transaction.



Available Funds of the Issuer

The Issuer expects to have Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes, the VRR Loan Note and the other Transaction Documents.

"**Available Revenue Funds**" will include the following amounts:

- (a) interest earned and interest received on the Transaction Account pursuant to the Bank Agreement for the Determination Period immediately preceding the relevant Determination Date;
- (b) income from any Authorised Investments for the Determination Period immediately preceding the relevant Determination Date;
- (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date, (other than any Revenue Collections received in respect of the Loans after the Call Cut-Off Date) or in respect of any Collection Period, Calculated Revenue Funds as calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (d) any amount standing to the credit of the Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (e) any amount standing to the credit of the Non-Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (f) such amounts of Available Principal Funds on the relevant Determination Date as determined to be payable under item (i) of the Pre-Enforcement Principal Priority of Payments at the relevant Determination Date, if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be (i) a Revenue Shortfall and/or (ii) an Interest Shortfall in respect of the B Notes, the C Notes, the D Notes, E Notes, F Notes, the G Notes (subject to such Notes being the Most Senior Class) and the VRR Proportion of such Interest Shortfall, in each case on the immediately following Interest Payment Date after application of all other Available Revenue Funds (including paragraphs (d) and (e) above). Any such amount may only be used for payment of Senior Fees, the Class S Payment and interest on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the VRR Proportion of such amounts pursuant to item (vi)(A), (D), (F), (H), (J), (L) and (N) of the Pre-Enforcement Revenue Priority of Payments and not any other amounts in the Pre-Enforcement Revenue Priority of Payments;
- (g) any amounts available at item (ii)(I) of the Pre-Enforcement Principal Priority of Payments, and the amount at item (iii) of the Pre-Enforcement Principal

Priority of Payments that is to be applied as Available Revenue Funds, at the relevant Determination Date; and

- (h) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*),

less any Third Party Amounts (for the avoidance of doubt, which does not include any amounts payable by way of Mortgage Administration Fees or Legal Title-Holder Fees otherwise provided for in the relevant Priority of Payments;

"Available Principal Funds" will include the following amounts:

- (a) the Principal Collections received for the preceding Determination Period (other than any Principal Collections received in respect of the Loans after the Call Cut-Off Date); or in respect of any Collection Period, Calculated Revenue Funds as calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*)
- (b) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date;
- (c) on each Interest Payment Date following a relevant Collection Period, any Reconciliation Amounts deemed to be Available Principal Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (d) following the Step-Up Date, any Available Revenue Funds available following payment of item (v)(R) and (vi)(R) of the Pre-Enforcement Revenue Priority of Payments until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full;
- (e) (in respect of the first Interest Payment Date only) the amount paid into the Transaction Account on the Issue Date from the excess of the proceeds of the Notes and the VRR Loan Note (excluding the proceeds of the X Notes, Z1 Notes and Z2 Notes and the VRR Proportion of the X Notes, Z1 Notes and Z2 Notes used to establish the Reserve Fund over the cash consideration paid by the Issuer for the Loans on the Issue Date pursuant to the terms of the Mortgage Sale Agreement,

less any amounts paid in connection with any Redraw pursuant to the Cash Administration Agreement and/or the Mortgage Administration Agreement .

The amount of the total issuance of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, F Notes, G Notes and the H Notes will not exceed the consideration payable by the Issuer in respect of the sale of the Loans and Related Security.

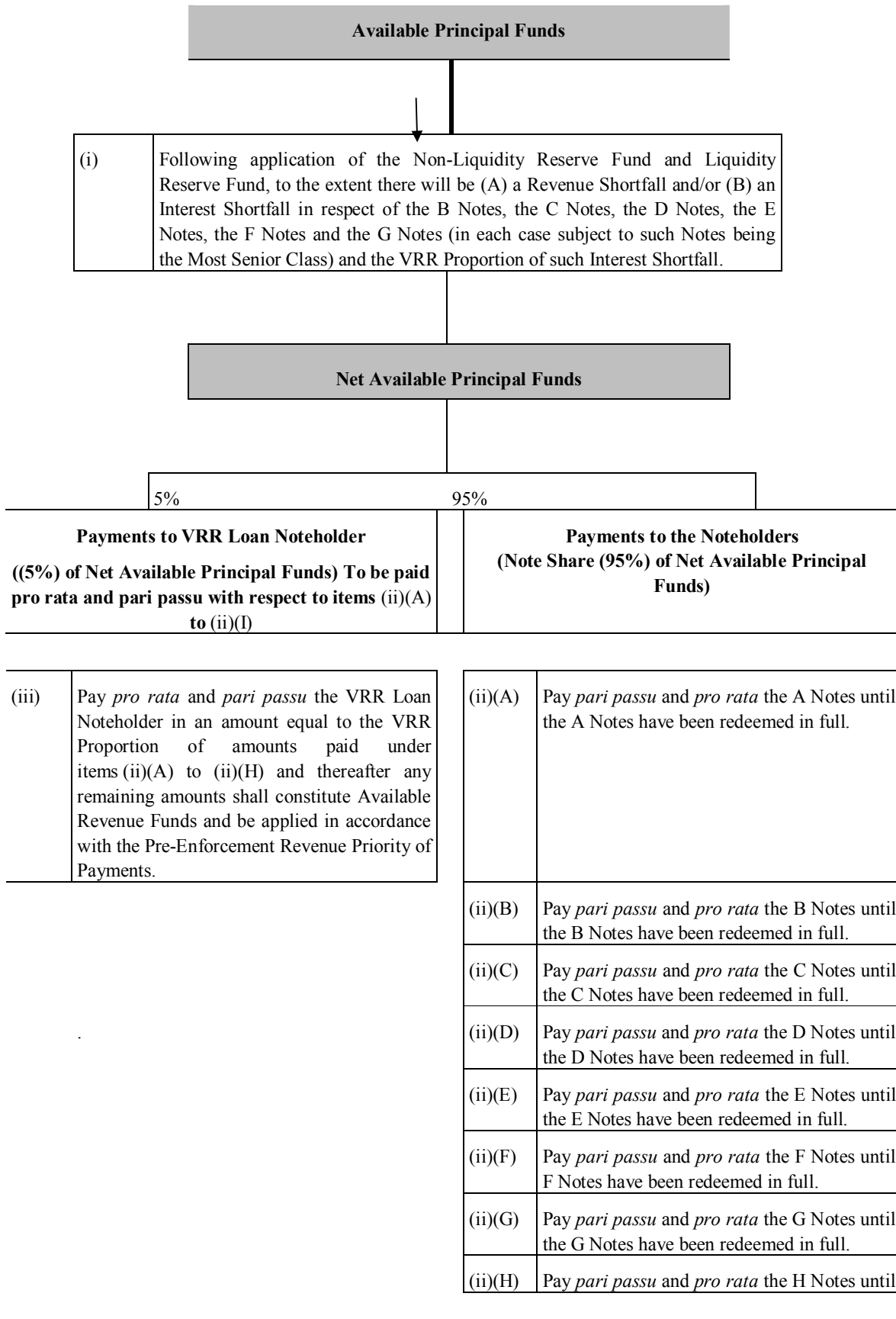
Summary of Priority of Payments

Below is a summary of the Priority of Payments prior to the service of an Enforcement Notice or the occurrence of a Redemption Event. Full details of the Pre-Enforcement Revenue Priority of Payments are set out in Note Condition 2(d) (*Pre-Enforcement Revenue Priority of Payments*). Full details of the Pre-Enforcement Principal Priority of Payments are set out in Note Condition 5(b) (*Mandatory Redemption of the Notes*). Full details of the Post-Enforcement Priority of Payments are set out in Note Condition 2(e) (*Post-Enforcement Priority of Payments*).

	paid under item (v)(G).		has reached zero.
(vi)(H)	Pay the VRR Loan Noteholder in an amount up to the VRR Proportion of amounts paid under item (v)(H).	(v)(H)	Pay <i>pro rata</i> and <i>pari passu</i> interest on the D Notes.
(vi)(I)	The VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(I).	(v)(I)	The D Principal Deficiency Ledger, until the balance of the D Principal Deficiency Ledger has reached zero.
(vi)(J)	The VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(J).	(v)(J)	Pay <i>pro rata</i> and <i>pari passu</i> interest on the E Notes.
(vi)(K)	The VRR Principal Deficiency Ledger in amount up to the VRR Proportion of amounts paid under item (v)(K).	(v)(K)	The E Principal Deficiency Ledger, until the balance of the E Principal Deficiency Ledger has reached zero.
(vi)(L)	Pay the VRR Loan Noteholder in an amount up to the VRR Proportion of amounts paid under item (v)(L).	(v)(L)	Pay <i>pro rata</i> and <i>pari passu</i> interest on the F Notes.
(vi)(M)	The VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(M).	(v)(M)	The F Principal Deficiency Ledger, until the balance of the F Principal Deficiency Ledger has reached zero.
(vi)(N)	Pay the VRR Loan Noteholder in an amount up to the VRR Proportion of amounts paid under item (v)(N).	(v)(N)	Pay <i>pro rata</i> and <i>pari passu</i> interest on the G Notes.
(vi)(O)	The VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(O).	(v)(O)	The G Principal Deficiency Ledger, until the balance of the G Principal Deficiency Ledger has reached zero.
(vi)(P)	The Non-Liquidity Reserve Fund Ledger up to 5% of the Non-Liquidity Reserve Fund Required Amount.	(v)(P)	The Non-Liquidity Reserve Fund Ledger, up to 95 per cent. of the Non-Liquidity Reserve Fund Required Amount.
(vi)(Q)	The VRR Principal Deficiency Ledger, in an amount up to the VRR Proportion of amounts paid under item (v)(Q).	(v)(Q)	The H Principal Deficiency Ledger, until the balance of the H Principal Deficiency Ledger has reached zero.
(vi)(R)	Pay <i>pro rata</i> and <i>pari passu</i> the Mortgage Administrator 5 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap.	(v)(R)	Pay <i>pro rata</i> and <i>pari passu</i> the Mortgage Administrator 95 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap.
(vi)(S)	Following the Step-Up Date, payment of any surplus to be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full.	(v)(S)	Following the Step-Up Date, payment of any surplus to be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full.
(vi)(T)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(T).	(v)(T)	Pay <i>pro rata</i> and <i>pari passu</i> interest on the X Notes.
(vi)(U)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(U).	(v)(U)	Pay <i>pro rata</i> and <i>pari passu</i> principal on the X Notes.

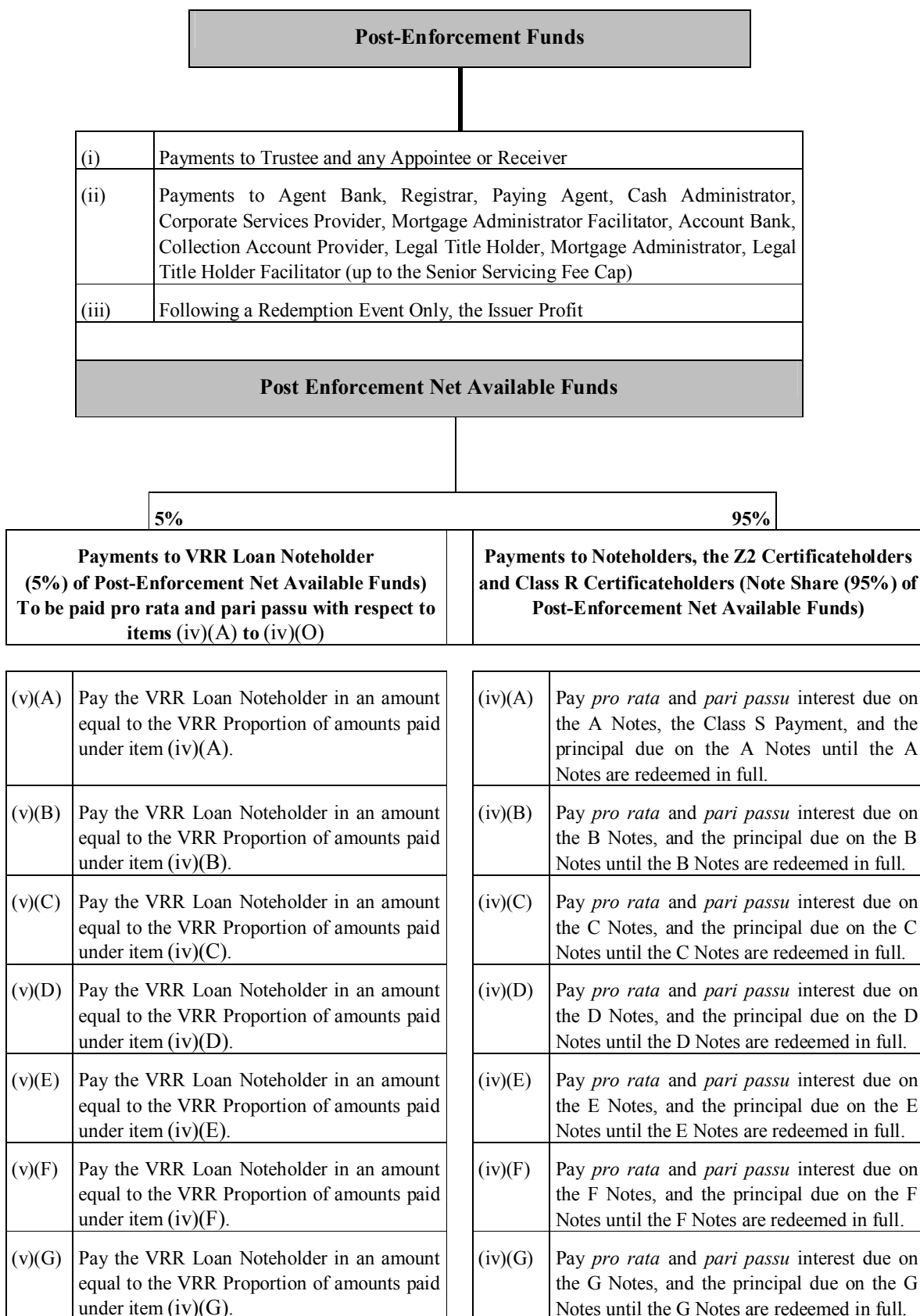
(vi)(V)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(V).	(v)(V)	Pay <i>pro rata</i> and <i>pari passu</i> interest on the Z1 Notes.
(vi)(W)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(W).	(v)(W)	Pay <i>pro rata</i> and <i>pari passu</i> principal on the Z1 Notes.
(vi)(X)	Pay <i>pro rata</i> and <i>pari passu</i> the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(X).	(v)(X)	Pay <i>pro rata</i> and <i>pari passu</i> principal on the Z2 Notes.
(vi)(Y)	Pay <i>pro rata</i> and <i>pari passu</i> the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(Y).	(v)(Y)	Pay <i>pro rata</i> and <i>pari passu</i> any remaining amounts on the R Certificates.

Pre-Enforcement Principal Priority of Payments



	the H Notes have been redeemed in full.
(ii)(I)	Any remaining amounts shall constitute Available Revenue Funds and be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

Post-Enforcement Priority of Payments



(v)(H)	Following a Redemption Event only, pay 5 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit).	(iv)(H)	Following a Redemption Event only, pay 95 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit).
(v)(I)	(i) Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(I); then (ii) Pay <i>pro rata</i> and <i>pari passu</i> the Mortgage Administrator 5 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap.	(iv)(I)	(i) Pay (<i>pro rata</i> and <i>pari passu</i> principal due on the H Notes until the H Notes are redeemed in full; then (ii) Pay <i>pro rata</i> and <i>pari passu</i> the Mortgage Administrator 95 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap.
(v)(J)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(J).	(iv)(J)	Pay <i>pro rata</i> and <i>pari passu</i> interest due on the X Notes, and the principal due on the X Notes until the X Notes are redeemed in full.
(v)(K)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(K).	(iv)(K)	Pay <i>pro rata</i> and <i>pari passu</i> interest due on the Z1 Notes, and the principal due on the Z1 Notes until the Z1 Notes are redeemed in full.
(v)(L)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(L).	(iv)(L)	Pay <i>pro rata</i> and <i>pari passu</i> the principal due on the Z2 Notes until the Z2 Notes are redeemed in full.
(v)(M)	Following the service of an Enforcement Notice, pay 5 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit).	(iv)(M)	Following the service of an Enforcement Notice, pay 95 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit).
(v)(N)	Following the service of an Enforcement Notice, to pay 5 per cent. of an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger.	(iv)(N)	Following the service of an Enforcement Notice, pay 95 per cent. of an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger.
(v)(O)	Pay the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(O).	(iv)(O)	Pay <i>pro rata</i> and <i>pari passu</i> the holders of the R Certificates.

General Credit Structure

The general credit structure of the transaction includes the following elements:

- (a) availability of the Reserve Fund in the event there is an Interest Shortfall and/or a Revenue Shortfall. The Reserve Fund will be funded by the proceeds from the X Notes, the Z1 Notes, the Z2 Notes, and the proceeds of the VRR Proportion of the X Notes, the Z1 Notes and the Z2 Notes and maintained on any Interest Payment Date thereafter in an aggregate amount equal to the Reserve Fund Required Amount. The Reserve Fund Required Amount is split between a Liquidity Reserve Fund Required Amount and a Non-Liquidity Reserve Fund Required Amount. See the section entitled "*Credit Structure – Application of the Reserve Fund - Interest Shortfall and Revenue Shortfall*" for limitations on availability of the use of the Reserve Fund and, in particular, the Liquidity Reserve Fund and the Non-Liquidity Reserve Fund;
- (b) availability of the Non-Liquidity Reserve Fund in the event there is an Interest Shortfall. See the section entitled "*Credit Structure – Application of the Reserve Fund - Interest Shortfall and Revenue Shortfall*" for limitations on availability of the use of the Non-Liquidity Reserve Fund;
- (c) availability of the Liquidity Reserve Fund in the event there is a Revenue Shortfall. See the section entitled "*Credit Structure – Application of the Reserve Fund - Interest Shortfall and Revenue Shortfall*" for limitations on availability of the use of the Liquidity Reserve Fund; and
- (d) availability of Available Principal Funds in the event there is (i) a Revenue Shortfall and/or (ii) subject to it being Most Senior Class, in the event there is a shortfall in respect of interest on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes and amounts payable pursuant to items (vi)(A), (D), (F), (H), (J), (L) and (N) of the Pre-Enforcement Revenue Priority of Payments. See the section entitled "*Credit Structure – Application of the Reserve Fund - Interest Shortfall and Revenue Shortfall*" for limitations on availability of the use of Available Principal Funds.

Reserve Fund

The "**Reserve Fund**" will, on the Issue Date, be funded by the proceeds from the X Notes, Z1 Notes, the Z2 Notes and the proceeds of the VRR Proportion of the X Notes, the Z1 Notes and the Z2 Notes in an aggregate amount equal to 2.25 per cent. of the Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes and the VRR Proportion of the aggregate Principal Amount Outstanding of the A Notes, B Notes, C Notes, D Notes, E Notes, F Notes, G Notes and H Notes being £55,727,050, as at the Issue Date.

The Issuer is required to maintain at all times a minimum balance

standing to the credit of the Reserve Fund. The "**Reserve Fund Required Amount**", on any Interest Payment Date, is the greater of:

- (a) 2.25 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes on the Previous IPD (except in respect of the first Interest Payment Date which will refer to the Principal Amount Outstanding of such Notes on the Issue Date) and the VRR Proportion of the such Principal Amount Outstanding of the aggregate of the A Notes, B Notes, C Notes, D Notes, E Notes, F Notes, G Notes and H Notes; or
- (b) 1.5 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes and the VRR Proportion of the aggregate Principal Amount Outstanding of the A Notes, B Notes, C Notes, D Notes, the E Notes, the F Notes, G Notes and H Notes in each case as at the Issue Date,

provided that:

- (i) for the purposes of the calculation in paragraph (a) above, if the amount standing to the credit of the Reserve Fund Ledger on the immediately preceding Interest Payment Date (the "**Previous IPD**") (after application of the Pre-Enforcement Revenue Priority of Payments) was less than the Reserve Fund Required Amount in respect of the Previous IPD, the Reserve Fund Required Amount for the relevant Interest Payment Date shall be an amount equal to the Reserve Fund Required Amount in respect of the Previous IPD; and
- (ii) following redemption in full of the A Notes to G Notes (inclusive), the Reserve Fund Required Amount will be zero.

The Reserve Fund Ledger will, from time to time, be credited in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Reserve Fund shall be maintained until such time as the G Notes are redeemed in full. Following redemption in full of the G Notes, any remaining balance in the Reserve Fund shall constitute Available Revenue Funds and shall be paid out in accordance with the relevant Priority of Payments.

The Reserve Fund is, in turn, divided into the Non-Liquidity Reserve Fund and the Liquidity Reserve Fund.

**Application of the Reserve Fund –
Shortfall and Revenue Shortfall**

On each Interest Payment Date, any amounts standing to the credit of the Liquidity Reserve Fund will constitute Available Revenue Funds and be applied in accordance with the relevant Priority of Payments. Items (v)(B) and (vi)(B) of the Pre-Enforcement Revenue Priority of Payments provides for the Liquidity Reserve Fund Ledger to be credited up to the Liquidity Reserve Fund

Required Amount on the relevant Interest Payment Date.

On each Interest Payment Date, any amounts standing to the credit of the Non-Liquidity Reserve Fund will constitute Available Revenue Funds and be applied in accordance with the relevant Priority of Payments. Items (v)(P) and (vi)(P) of the Pre-Enforcement Revenue Priority of Payments provides for the Non-Liquidity Reserve Fund Ledger to be credited up to the Non-Liquidity Reserve Fund Required Amount on the relevant Interest Payment Date.

On each Determination Date, if following application of limbs (a), (b), (c), (d), (e) and (h) of the definition of Available Revenue Funds, there remains a shortfall in any of items (i), (ii), (iii), (iv), (v)(A), (v)(D), (v)(F), (v)(H), (v)(J), (v)(L), (v)(N), (vi)(A), (vi)(D), (vi)(F), (vi)(H), (vi)(J), (vi)(L), (vi)(N) of the Pre-Enforcement Revenue Priority of Payments, the Cash Administrator shall apply item (f) of the Available Revenue Funds as follows:

- (a) for any such shortfall in any of items (i), (ii), (iii), (iv), (v)(A) and (vi)(A) of the Pre-Enforcement Revenue Priority of Payments, the Cash Administrator shall make up such shortfall by way of booking a Principal Deficiency and will apply Available Principal Funds in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments. See the section of this Prospectus entitled "*Credit Structure – Principal Deficiency Ledger*"; and
- (b) for any such shortfall in items (v)(D) and (vi)(D) (subject to the B Notes being the Most Senior Class), items (v)(F) and (vi)(F) (subject to the C Notes being the Most Senior Class), items (v)(H) and (vi)(H) (subject to the D Notes being the Most Senior Class), items (v)(J) and (vi)(J) (subject to the E Notes being the Most Senior Class), items (v)(L) and (vi)(L) (subject to the F Notes being the Most Senior Class) or items (v)(N) and (vi)(N) (subject to the G Notes being the Most Senior Class) of the Pre-Enforcement Revenue Priority of Payments, then the Cash Administrator shall make up such shortfall by way of booking a Principal Deficiency. See the section of this Prospectus entitled "*Credit Structure – Principal Deficiency Ledger*".

If there are any amounts standing to the credit of the Reserve Fund Ledger on the Determination Date immediately following the redemption in full of the G Notes, the Cash Administrator will apply such amounts in accordance with the applicable Priority of Payments.

Principal Deficiency Ledger

The Principal Deficiency Ledger comprises nine sub-ledgers, known as the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F Principal Deficiency Ledger, the G Principal Deficiency Ledger, the H Principal Deficiency Ledger and the VRR Principal

Deficiency Ledger which will be established to record as a debit any Losses on the Mortgage Pool and/or the use of any Available Principal Funds as Available Revenue Funds.

Available Revenue Funds will be credited to the sub-ledgers of the Principal Deficiency Ledger on each Interest Payment Date to reduce the debit balance of the Principal Deficiency Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments.

The amount of any Available Principal Funds used to fund a Revenue Shortfall or an Interest Shortfall will be calculated and allocated to the Notes and recorded as a debit to the Principal Deficiency Ledger on each Determination Date as follows:

- (a) *first*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the H Notes, as debits on the H Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (a) shall equal the VRR Proportion of amounts debited from the H Principal Deficiency Ledger under this paragraph (a);
- (b) *second*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the G Notes, as debits on the G Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (b) shall equal the VRR Proportion of amounts debited from the G Principal Deficiency Ledger under this paragraph (b);
- (c) *third*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the F Notes, as debits on the F Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (c) shall equal the VRR Proportion of amounts debited from the F Principal Deficiency Ledger under this paragraph (c);
- (d) *fourth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the E Notes, as debits on the E Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (d) shall equal the VRR Proportion of amounts debited from the E Principal Deficiency Ledger under this paragraph (d);
- (e) *fifth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the D Notes, as debits on the D Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (e) shall

equal the VRR Proportion of amounts debited from the D Principal Deficiency Ledger under this paragraph (e);

- (f) *sixthly*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the C Notes, as debits on the C Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (f) shall equal the VRR Proportion of amounts debited from the C Principal Deficiency Ledger under this paragraph (f);
- (g) *seventh*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the B Notes, as debits on the B Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (g) shall equal the VRR Proportion of amounts debited from the B Principal Deficiency Ledger under this paragraph (g); and
- (h) *eighth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the A Notes, as debits on the A Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (h) shall equal the VRR Proportion of amounts debited from the A Principal Deficiency Ledger under this paragraph (h).

"PDL Maximum Amount" means, in respect of a Class of Notes, the Principal Amount Outstanding of such Class of Notes multiplied by (100/95).

Collection Accounts, Transaction Account and Cash Administration

Revenue Collections and Principal Collections in respect of the Loans are received by the Legal Title-Holder in the F Collection Account, the R Collection Account or, as the case may be, the Main Collection Account.

On or about the Issue Date, the Legal Title-Holder will declare the Main Collection Account Declaration of Trust in favour of the Issuer over amounts credited to the Main Collection Account to the extent that such amounts relate to the Loans in the Mortgage Pool.

On or about 17 December 2015, the Legal Title-Holder, declared the F Collection Account Declaration of Trust over amounts credited to the F Collection Account and on or about the Issue Date the Issuer will become a Beneficiary to the F Collection Account Declaration of Trust to the extent that such amounts relate to the Loans in the Mortgage Pool by way of the F Collection Account Supplemental Deed of Declaration of Trust.

On 17 December 2015, the Legal Title-Holder, declared the R Collection Account Declaration of Trust over amounts credited to the R Collection Account and on or about the Issue Date the Issuer will become a Beneficiary of the R Collection Account Declaration of Trust to the extent that such amounts relate to the Loans in the

Mortgage Pool by way of the R Collection Account Supplemental Deed of Declaration of Trust.

The Mortgage Administrator will transfer Revenue Collections and Principal Collections into the Main Collection Account on each Business Day (as set out in the Mortgage Administration Agreement).

The Mortgage Administrator is obliged to transfer collections in respect of the Loans standing to the credit of the Main Collection Account (which will include collections transferred to the Main Collection Account from the F Collection Account and the R Collection Account) to the Transaction Account on each Business Day (as set out in the Mortgage Administration Agreement).

Bank Agreement

The Mortgage Administrator is obliged to transfer amounts standing to the credit of the Main Collection Account to the Transaction Account on the Business Day following the date of receipt.

Triggers Tables

Rating Triggers Table

Transaction Party	Required ratings	Possible effects of Ratings Trigger being breached include the following:
Account Bank	<p>(i) In the case of Moody's, a long-term unguaranteed unsecured and unsubordinated debt rating of at least A3 by Moody's;</p> <p>(ii) in the case of S&P, a short-term unsecured, unsubordinated and unguaranteed debt rating of at least A-1 by S&P (if a short-term rating is assigned by S&P) and a long-term unsecured, unsubordinated and unguaranteed debt rating of at least A by S&P, or should the Account Bank not benefit from a short-term unsecured, unsubordinated and unguaranteed rating of at least A-1 from S&P, a long-term unsecured, unsubordinated and unguaranteed rating of at least A+ by S&P; or</p> <p>(iii) alternatively, to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Most Senior Class;</p>	<p>The consequences for the Account Bank of a breach under the Bank Agreement include a requirement for the Issuer to use commercially reasonable endeavours to replace the Account Bank within 30 calendar days of the downgrade of the relevant entity.</p>

Transaction Party	Required ratings	Possible effects of Ratings Trigger being breached include the following:
Collection Accounts Provider	<p>(i) In the case of Moody's, a long-term unguaranteed unsecured and unsubordinated debt rating of at least Baa3 by Moody's; or</p> <p>(ii) in the case of S&P, a long-term, unsecured, unsubordinated and unguaranteed debt rating of BBB.</p>	<p>If the Collection Accounts Provider fails to maintain the Collection Accounts Rating Agency Required Ratings as set out in this section "<i>Triggers Tables</i>" (the "Collection Accounts Rating Agency Required Ratings") from at least one of the Rating Agencies (such failure a "Collection Accounts Provider Downgrade Event"), the Issuer will use its commercially reasonable endeavours to procure that the Collection Accounts shall be transferred to another institution authorised under FSMA which has the Collection Accounts Rating Agency Required Ratings pursuant to an agreement with such institution in substantially the form of the Main Collection Account Agreement, the F Collection Account Agreement and the R Collection Account Agreement (to the extent applicable to the Collection Accounts) or to procure the opening of a replacement Collection Account with another institution authorised under FSMA which has the Collection Accounts Rating Agency Required Ratings within a period not exceeding 60 calendar days (or such longer period as the Trustee and the Rating Agencies may agree) from the date on which such downgrade occurs and the Collection Accounts Provider will, at the request and cost of the Issuer, use its commercially reasonable endeavours to assist with the same.</p>

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Perfection Events	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) the service of an Enforcement Notice; (b) the Trustee determining that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of one or more of the Seller or the Legal Title-Holder); (c) certain insolvency events of the Seller or the Legal Title-Holder; or (d) the Issuer, the Trustee, the Seller or the Legal Title-Holder becoming obliged to provide notice of assignment of the Loan by order of court, by law or any relevant regulatory authority. 	<p>Borrowers will be notified of the sale of the Loans to the Issuer and legal title to the Mortgage Pool will be transferred to the Issuer (other than in the case of perfection event (d) whereby only legal title to the affected Loan will be transferred to the Issuer) or the replacement legal title-holder.</p>
Cash Administrator Termination Events	<ul style="list-style-type: none"> (a) The occurrence of any of the following: (b) default by the Cash Administrator in the performance of its covenants and obligations under the Cash Administration Agreement and the Trustee considers such default to be materially prejudicial to the interests of the holders of the Most Senior Class (subject to a 21 day grace period); (c) certain insolvency events of the Cash Administrator; or (d) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Cash Administrator is materially 	<p>Replacement Cash Administrator to be appointed as Cash Administrator, subject to approval by the Trustee.</p>

Nature of Trigger	Description of Trigger	Consequence of Trigger
Mortgage Administrator Termination Events	<p data-bbox="711 226 998 321">prejudicial to the interests of the holders of the Most Senior Class.</p> <p data-bbox="609 338 998 401">The occurrence of any of the following:</p> <ul style="list-style-type: none"> <li data-bbox="609 422 998 772">(a) default by the Mortgage Administrator in the performance of its covenants and obligations under the Mortgage Administration Agreement and the Trustee considers such default to be materially prejudicial to the interests of the holders of the Most Senior Class; <li data-bbox="609 793 998 888">(b) certain insolvency events of the Mortgage Administrator; or <li data-bbox="609 909 998 1192">(c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Mortgage Administrator is materially prejudicial to the interests of the holders of the Most Senior Class. 	<p data-bbox="998 338 1391 1661">If a Mortgage Administrator Termination Event occurs, the Issuer (prior to the delivery of an Enforcement Notice and with the consent of the Trustee) or the Trustee (after the delivery of an Enforcement Notice) shall (as soon as practicable after such event has come to its attention) give notice in writing to the Mortgage Administration Facilitator of such occurrence and request it to identify and select a replacement mortgage administrator. Upon being so notified, the Mortgage Administration Facilitator shall use reasonable endeavours to identify and select, in consultation with the Servicer Administrator, a replacement mortgage administrator within 30 calendar days of the occurrence of the applicable Mortgage Administrator Termination Event and provide details of the Proposed Replacement Mortgage Administrator to the Issuer, the Legal Title-Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Mortgage Administrator, the Issuer shall appoint the Proposed Replacement Mortgage Administrator as Mortgage Administrator on substantially the same terms as set out in the Mortgage Administration Agreement, provided however that any such appointment shall be subject to the prior written consent of the Trustee and the Legal Title-Holder.</p>
Legal Title-Holder Termination Events	<p data-bbox="609 1682 998 1745">The occurrence of any of the following:</p> <ul style="list-style-type: none"> <li data-bbox="609 1766 998 1923">(a) default by the Legal Title-Holder in the performance of its covenants and obligations under the Mortgage Administration 	<p data-bbox="998 1682 1391 1934">If a Legal Title-Holder Termination Event occurs the Issuer (prior to the delivery of an Enforcement Notice and with the consent of the Trustee) or the Trustee (after the delivery of an Enforcement Notice) shall (as soon as practicable after such event has come to its attention) give</p>

Nature of Trigger

Description of Trigger

Agreement and the Trustee considers such default to be materially prejudicial to the interests of the holders of the Most Senior Class;

- (b) certain insolvency events of the Legal Title-Holder; or
- (c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Legal Title-Holder is materially prejudicial to the interests of the holders of the Most Senior Class.

Consequence of Trigger

notice in writing to the Legal Title-Holder Facilitator of such occurrence and request it to identify and select a replacement legal title-holder.

Upon being so notified, the Legal Title-Holder Facilitator shall use reasonable endeavours to identify and select a replacement legal title-holder within 30 calendar days of the occurrence of the applicable Legal Title-Holder Termination Event and provide details of the Proposed Replacement Legal Title-Holder to the Issuer, the Mortgage Administrator and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Legal Title-Holder, the Issuer shall appoint the Proposed Replacement Legal Title-Holder as Legal Title-Holder on substantially the same terms as set out in the Mortgage Administration Agreement, **provided, however, that** any such appointment shall be subject to the prior written consent of the Trustee and the Issuer.

Fees

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

Type of Fee	Amount of Fee	Priority in Cash flow	Frequency
<p>Servicing Fee payable under the Mortgage Administration Agreement and comprising:</p> <p>(a) the Mortgage Administration Fee in relation to the Services performed by the Mortgage Administrator and payable to the Mortgage Administrator; and</p>	<p>Mortgage Administration Fee: the sum of (i) 0.09 per cent. (exclusive of VAT, if any) multiplied by the aggregate Balance of the Loans in the Mortgage Pool as at the first day of the Determination Period multiplied by the number of days in the Determination Period divided by 365 and (ii) £45 for each Loan in the Mortgage Pool which is one month or more in arrears as at the first date of any calendar month during a Determination Period (the "Arrears Fee Condition") multiplied by the number of calendar months during the Determination Period on which the Arrears Fee Condition in respect of such Loan is met. From the earlier of (A) the tenth anniversary of the Issue Date or (B) the date on which the aggregate Current Balance of the Loans in the Mortgage Pool falls below £1,000,000,000, the Mortgage Administration Fee, the Ancillary Fees, and the Legal Title-Holder Fee shall be subject to a floor of £165,000 per calendar month.</p> <p>From (but excluding) the Optional Redemption Date, the Mortgage Administration Fee, the Ancillary Fees, and the Legal Title-Holder Fee</p>	<p>Ahead of all outstanding Notes up to and including the Senior Servicing Fee Cap. Any amounts thereafter to be paid in accordance with the Pre-Enforcement Revenue Priority of Payments.</p>	<p>Quarterly in arrear on each Interest Payment Date.</p>

Type of Fee	Amount of Fee	Priority in Cash flow	Frequency
	will be increased in accordance with inflation (by reference to the Consumer Price Index) and such increase shall at all times be considered to be in excess of the Senior Servicing Fee Cap.		
(b) the Legal Title-Holder Fee in relation to the Legal Title-Holder Duties performed by the Legal Title-Holder and payable to the Legal Title-Holder.	Legal Title-Holder Fee: 0.02 per cent. (exclusive of VAT, if any) multiplied the aggregate Balance of the Loans in the Mortgage Pool as at the first day of the Determination Period multiplied by the number of days in the Determination Period divided by 365.	Ahead of all outstanding Notes.	Quarterly in arrear on each Interest Payment Date.
Other fees and expenses of the Issuer, including Trustee, Agents, the Account Bank, Corporate Services Provider, Cash Administrator, Mortgage Administration Facilitator and Legal Title-Holder Facilitator fees	Estimated at £55,000 per year (exclusive of VAT).	Ahead of all outstanding Notes.	Generally semi-annually paid in advance.
Expenses related to the admission to trading of the Notes	€14,000 (exclusive of any applicable VAT).	Not available.	On or about the Issue Date.

CERTAIN REGULATORY DISCLOSURES

EU Risk Retention and Securitisation Regulation Requirements

The Seller was incorporated on 5 July 2019 as an orphan special purpose vehicle solely in relation to the transaction. The Retention Holder entered into a profit participating note with the Seller on 23 July 2019, pursuant to which the Retention Holder committed to provide all funds required by the Seller for the purpose of acquiring the certificates issued by each of the Securitisation Issuers (carrying the rights to acquire the relevant Loans from the Securitisation Issuers) from Junglinster and for the purposes of acquiring the Loans from the Securitisation Issuers and (in respect of the additional loans (the "**Additional Loans**")) from Junglinster

As such, the Retention Holder (acting through its exposure under the profit participating note with the Seller) became committed to purchase the Loans on 23 July 2019.

In addition the Retention Holder has entered into an advisory agreement with the Seller, pursuant to which the Seller shall act at the direction of the Retention Holder from time to time, including in relation to the acquisition and securitisation of the Mortgage Pool.

As at the Issue Date, the Retention will comprise the Retention Holder acquiring and maintaining the VRR Loan Note which has a nominal value equal to no less than 5 per cent. of (100/95) of the aggregate principal amount of the Notes transferred to investors on the Issue Date as required by Article 6(1) of the Securitisation Regulation (as such article is interpreted and applied on the date hereof and not taking into account any relevant national measures). The Retention Holder has covenanted to comply, for so long as the Notes remain outstanding, with the EU Risk Retention Rules (which are applicable as at the Issue Date only and not as may be amended after the Issue Date).

The Retention Holder will not be obliged to comply with any change made to the EU Risk Retention Rules which come into force after the Issue Date.

The Retention Holder will undertake in the Mortgage Sale Agreement:

- (a) to retain on an on-going basis a material net economic interest of not less than 5 per cent. in the securitisation for the purposes of Article 6(1) of the Securitisation Regulation (the "**Minimum Required Interest**");
- (b) to retain the Minimum Required Interest by holding the VRR Loan Note which represents not less than 5 per cent. of the nominal value of each of the tranches sold or transferred to investors on the Issue Date in accordance with Article 6(3)(a) of the Securitisation Regulation;
- (c) not to sell, hedge or otherwise mitigate the credit risk under or associated with the Retained Interest except to the extent permitted under the Securitisation Regulation (not taking into account any relevant national measures);
- (d) to provide notice to the Issuer, the Arranger, the Trustee (on behalf of the Noteholders) and the Cash Administrator in the event that it ceases to hold exposure to the Minimum Required Interest; and
- (e) not to change the manner or form in which it retains the Minimum Required Interest, except as permitted under the Securitisation Regulation.

As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Issue Date, to the quarterly investor reports provided to the Noteholders and Certificateholders pursuant to the Cash Administration Agreement and published by the Cash Administrator on <http://pivot.usbank.com> and to the quarterly investor reports and loan level information published by EuroABS on the following website: www.euroabs.com. The websites at <http://pivot.usbank.com> and www.euroabs.com, and the contents thereof do not form part of this Prospectus.

The Retention Holder has provided a corresponding undertaking with respect to: (i) compliance with the requirements of Article 7(1)(e)(iii) of the Securitisation Regulation by confirming the risk retention of the Retention Holder as contemplated by Article 6(1) of the Securitisation Regulation as specified in the paragraph

above; and (ii) the interest to be retained by the Retention Holder as specified in the introductory paragraph above in the Mortgage Sale Agreement.

The Issuer has been appointed as the designated entity under Article 7(2) of the Securitisation Regulation and has accepted such appointment. For further information please refer to the section entitled "*General Information*".

Loans have not been selected to be sold to the Issuer with the aim of rendering losses on the Loans sold to the Issuer, measured over a period of 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

On or after the Issue Date, the Retention Holder may obtain funding on a full recourse basis to finance its economic exposure (including any repo transaction and/or secured funding arrangement) to some or all of the Retained Interest. Such financing may be provided by one or more of the financing counterparties and may require the grant of a security interest over such financed Retained Interest and result in the financing counterparty having enforcement rights and remedies in case of an event of default which may include the right to appropriate or sell such Retained Interest. In carrying out any such appropriation or sale, the financing counterparty would not be required to have regard for the provisions of the Securitisation Regulation described above, and any such sale may therefore cause the retention Holder to be out of compliance with such requirements. The retention, financing and hedging limitations set forth in the Securitisation Regulation will not apply to any Notes held by the Retention Holder that do not constitute part of its required retention tranche.

In accordance with Articles 9(1) and 9(3) of the Securitisation Regulation, the Seller has represented in the Mortgage Sale Agreement that the Originators:

- (a) applied the same sound and well-defined credit-granting criteria for the Mortgage Loans they applied to equivalent mortgage loans that are not part of the Mortgage Pool;
- (b) applied the same clearly established processes for approving and, where relevant, amending renewing and refinancing Mortgage Loans as they applied to equivalent mortgage loans that are not part of the Mortgage Pool; and
- (c) had effective systems in place to apply to those criteria and processes in order to ensure that credit granting was based on a thorough assessment of the borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the borrower meeting its obligations under the relevant mortgage loan agreement.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 5 of the Securitisation Regulation and any relevant national measures which may be relevant and none of the Relevant Parties makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

In addition to the above, the Issuer shall confirm that it will procure the provision to Noteholders of any reasonable and relevant additional data and information referred to in Article 7 of the Securitisation Regulation (subject to all applicable laws), provided that the Issuer will not be in breach of the requirements of this paragraph if due to events, actions or circumstances beyond its control, it is not able to comply with such undertakings.

U.S. Credit Risk Retention Requirements The Retention Holder and Davidson Kempner Capital Management LP (acting as Co-Sponsors) are required under the U.S. Credit Risk Retention Requirements, to ensure that one of such Co-Sponsors acquires and retains an economic interest in the credit risk of the assets collateralizing the issuance of "asset-backed securities" in an amount equal to at least 5 per cent. of all "ABS interests" issued by the Issuer. The Retention Holder intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining a "single vertical security" in the form of the VRR Loan Note which is an eligible vertical interest (an "EVI") with an aggregate balance equal to a minimum of 5 per cent. of (100/95) the nominal value of each Class of Notes and Certificates issued by the Issuer on the Issue Date. For a description of the Notes and Certificates issued by the Issuer on the Issue Date, see "*Transaction Overview – Terms and Conditions of the Notes, the VRR Loan Note and the Certificates*".

The Retention Holder is obliged by the U.S. Credit Risk Retention Requirements to acquire and retain, either directly or through a majority-owned affiliate, the EVI until the later of: (a) the fifth anniversary of the Issue Date

and (b) the date on which the total principal balance outstanding of the Loans has been reduced to 25 per cent. of the total principal balance outstanding of the Loans at the Issue Date, but in any event no longer than the seventh anniversary of the Issue Date (the "**Sunset Date**"). Any financing obtained by the Retention Holder (or its majority-owned affiliate) prior to the Sunset Date that is secured by the EVI must provide for full recourse to the Retention Holder (or its majority-owned affiliate) and otherwise comply with the U.S. Credit Risk Retention Requirements. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Co-Sponsors that do not constitute part of the EVI. Any financing of the EVI (including any repo transaction and/or secured funding arrangement) may require a grant or a security interest over the EVI and result in the financing counterparty having enforcement rights in case of an event of default, which may include the right to appropriate or sell the EVI. In carrying out such appropriations or sale, the financing counterparty would not be required to have regard for the provisions of the U.S. Credit Risk Retention Requirements, and any such sale could cause the Retention Holder to be out of compliance with such rules.

In addition to the above, prior to the Sunset Date, the Retention Holder will not purchase, transfer or sell any Notes or Certificates, or enter into any derivative, agreement or position, which in either case would reduce or limit its financial exposure in respect of the EVI that it will maintain to satisfy the U.S. Credit Risk Retention Requirements except to the extent permitted under the U.S. Credit Risk Retention Requirements.

Subject to any applicable restrictions on transfer, the Retention Holder may, at any time and from time to time, sell or otherwise transfer any portion of the EVI that is in excess of the portion it is required to retain to comply with the U.S. Credit Risk Retention Requirements. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Sponsor that do not constitute part of the or EVI held by the Retention Holder. See the Risk Factor entitled "*Risk Factors – Effect of the sale of the Mortgage Pool – Regulatory considerations – Compliance with U.S. Credit Risk Retention Requirements*".

Rule 15Ga-2

On 27 August 2014, the SEC approved rules and issued a release regarding third-party due diligence reports. The release relates primarily to two rules, Rule 15Ga-2 and Rule 17g-10, each under the Exchange Act, which became effective on 15 June 2015. Rule 15Ga-2 requires any issuer or underwriter of asset-backed securities (including, for this purpose, securitisations of residential and commercial mortgage loans as well as other asset classes) rated by a nationally recognised statistical rating organisation to furnish a form (a "**Form ABS-15G Report**") via the SEC's EDGAR database describing the findings and conclusions of any third-party due diligence report obtained by the issuer or underwriter, at least five business days prior to the first sale of the asset-backed securities. The filing requirements apply to both publicly registered offerings and unregistered securitisations of assets offered within the United States such as those relying on Rule 144A. A third party due diligence report is any report containing findings and conclusions relating to due diligence services, which are defined as a review of pool assets for the purposes of issuing findings on: (1) the accuracy of the asset data; (2) determining whether the assets conform to stated underwriting standards; (3) asset value(s); (4) legal compliance by the originator; and (5) any other factor material to the likelihood that the issuer will pay interest and principal as required. These due diligence services are routinely provided by third-party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

A Form ABS-15G Report containing diligence findings and conclusions with respect to a third party due diligence report prepared for the purpose of the transaction contemplated by this Prospectus will be prepared and furnished by the Seller no later than five business days prior to the pricing date and will be publicly available on EDGAR pursuant to Rule 15Ga-2. This Form ABS-15G Report is not, by this reference or otherwise, incorporated into this Prospectus and should not be relied upon by any prospective investor as a basis for making a decision to invest in the Notes.

Prospective investors should rely exclusively on this Prospectus as a basis for making a decision to invest in the Notes.

Information Regarding the Policies and Procedures of KMC or other group entities as relevant

KMC and other group entities, as relevant, have internal policies and procedures in relation to the administration of credit risk bearing portfolios and risk mitigation, which include:

- (a) systems in place to administer and monitor the mortgage loans and exposures (the Mortgages will be serviced in line with the usual servicing procedures of the Mortgage Administrator – see "*Administration, Servicing and Cash Management of the Mortgage Pool*"); and
- (b) written policies and procedures in relation to risk mitigation techniques (see "*Administration, Servicing and Cash Management of the Mortgage Pool*").

Volcker Rule

Final regulations implementing the Volcker Rule generally prohibit "banking entities" (broadly defined to include U.S. banks, bank holding companies and certain non-U.S. financial institutions, together with their subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund" and (iii) entering into certain relationships with such funds, subject to certain exceptions and exclusions. The transitional conformance period for the Volcker Rule generally ended on 21 July 2015. Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the Investment Company Act's definition of "investment company" other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act.

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not constitute a "covered fund" for purposes of the Volcker Rule. In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act and under the Volcker Rule and its related regulations may be available to the Issuer, the Issuer has relied on the determination that it may rely on an exemption from the Investment Company Act's definition of "investment company" under Section 3(c)(5) and, accordingly, may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exemption from the Investment Company Act.

Any prospective investor in the certificates, including a U.S. or non-US bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

MORTGAGE REGULATION IN THE UK

Mortgages regulated under the Financial Services and Markets Act 2000 (the "FSMA")

In the United Kingdom, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the "**Regulation Effective Date**"). Residential mortgage lending under the FSMA is regulated by the FCA (and prior to 1 April 2013, was regulated by its predecessor the FSA). Entering into a Regulated Mortgage Contract as a lender, arranging Regulated Mortgage Contracts and advising in respect of and administering Regulated Mortgage Contracts (and agreeing to do any of those activities) are (subject to applicable exemptions) each regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "**RAO**") requiring authorisation and permission from the FCA.

The original definition of a regulated mortgage contract was such that if a mortgage contract was entered into on or after the Regulation Effective Date but before 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provided credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage on land (or, in Scotland, a first ranking standard security) (other than timeshare accommodation) in the United Kingdom, at least 40% of which was used, or was intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who was a beneficiary of the trust, or by a related person. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the trust) is broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK.

The current definition of a Regulated Mortgage Contract is such that if a mortgage contract was entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions such as the relevant exclusions for buy-to-let loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling; or (in the case of credit provided to a trustee who is not an individual), as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person.

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

The Mortgage Administrator is required to hold and does hold authorisation and permission to enter into and to administer 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 Seller and the Issuer are not, and do not propose to be, authorised persons under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to a mortgage administration agreement by an entity having the required authorisation and permission under the FSMA. If such a mortgage administration terminates, however, the Issuer will have a period of not more than one month (beginning with the day on which such arrangement terminates) in which to arrange for mortgage administration to be carried out by a replacement mortgage administrator having the required FSMA authorisation and permission.

The Issuer is not, nor proposes to become, an authorised person under the FSMA. The Issuer will only hold beneficial title to the Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event the Issuer must arrange for a mortgage administrator having the required authorisation and permission under the FSMA to administer these Loans within a period of not more than one month (beginning with the day on which legal title is transferred) and is not expected to enter into any new Regulated Mortgage Contracts as lender under article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**"), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, *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. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of any FCA or PRA rules and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with the lender (or exercise analogous rights in Scotland). Any such set-off in respect of the Loans may adversely affect the realisable value of the Loans in the Mortgage Pool and accordingly the Issuer's ability to make payments on the Notes.

Regulation of buy-to-let mortgages

The Mortgage Credit Directive was published in the Official Journal on 28 February 2014 and had to be implemented by Member States by 21 March 2016 (the "**Mortgage Credit Directive**" and "**MCD**"). The Mortgage Credit Directive requires EU member states to develop a 'national framework' for buy-to-let lending if they choose to exercise discretion afforded by the Mortgage Credit Directive not to apply the Mortgage Credit Directive to their buy-to-let mortgage markets. The UK government announced that it would use the option to have a national framework for buy-to-let lending to consumers called 'Consumer buy-to-let' ("**CBTL**") in order to put in place the minimum requirements to meet the UK's legal obligations, stating that it was not persuaded of the case for full conduct regulation of buy-to-let mortgage lending. The CBTL framework was implemented on 21 March 2016 and is only applicable to consumer borrowers.

The legislative framework is set out in the Mortgage Credit Directive Order 2015. The Mortgage Credit Directive Order 2015 defines a CBTL mortgage contract as: "a buy-to-let mortgage contract which is not entered into by the borrower wholly or predominantly for the purposes of business carried on, or intended to be carried on, by the borrower". It provides that a firm that advises on, arranges, lends or administers CBTL mortgages must be registered to do so. The Mortgage Administrator is a consumer buy-to-let mortgage firm registered as a lender, administrator and arranger in respect of consumer buy-to-let mortgages. In a HM Treasury consultation published in January 2015, the HM Treasury estimated that CBTL regulation would affect 11% of the buy-to-let mortgage market.

The Mortgage Credit Directive Order 2015 sets out a number of conduct standards for firms carrying on CBTL business which cover, *inter alia*, requirements for pre-contractual illustrations, adequate explanations and arrears

and repossessions. The FCA has amended the FCA Handbook to provide it with supervisory and enforcement powers in respect of such conduct standards. The exercise of supervisory and enforcement powers by the FCA may adversely affect the Issuer's ability to make payment in full on the Notes when due, particularly if the FCA orders remedial action in respect of past conduct.

Buy-to-let loans were regulated by the CCA if (a) they were entered into prior to 31 October 2008 and (b) the amount of the advance did not exceed £25,000. Such buy-to-let mortgages are not caught by the definition of a "consumer credit back book mortgage contract" and so any buy-to-let loans that were regulated by the CCA will continue to be regulated by the CCA notwithstanding the implementation of the Mortgage Credit Directive Order. Non-compliance with certain provisions of the CCA may render a regulated credit agreement totally unenforceable or unenforceable without a court order or an order of the appropriate regulator, or may render the borrower not liable to pay interest or charges in relation to the period of non-compliance, which may adversely affect the ability of the Issuer to make payment in full on the Notes and the VRR Loan Note when due.

If a buy-to-let mortgage is secured on a property occupied by a related person to the borrower (broadly the borrower's spouse, near relative or a person with whom the borrower has a relationship which is characteristic of a spouse) then it will be a Regulated Mortgage Contract. Otherwise, as described above, buy-to-let mortgages will either be regulated by the CBTL regime or the CCA or will be unregulated.

Changes to mortgage regulation and to the regulatory structure in the United Kingdom may adversely affect payments on the Notes and the VRR Loan Note

In December 2011, the FSA published a consultation paper that consolidated proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, *inter alia*, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovers. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower and to verify the income of a borrower.

In relation to interest-only loans that are not buy-to-let loans, the mortgage market review introduced rules that require relevant institutions, with effect from 26 April 2014, to obtain evidence (with permitted exceptions) that a borrower will have in place a clearly understood and credible payment strategy and that the payment strategy has the potential to repay the principal at the end of the term of an interest-only loan.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (i) in June 2015 published a report following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (ii) began a further thematic review on responsible lending in April 2015, on which it reported in May 2016. In December 2016, it launched a market study focusing on consumers' ability to make effective choices in the first charge residential mortgage market, on which it produced an interim report in May 2018 and a final report in March 2019. This is in addition to regulatory reforms being made as a result of the implementation of the Mortgage Credit Directive from 21 March 2016 (see "*Regulation of buy-to-let mortgages*" above). It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and other related future regulatory reforms. To the extent that the new 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 reduce the amounts available to meet the payments due in respect of the Notes.

In December 2012, the Financial Services Act 2012 received royal assent. This Act contains provisions which (among other things) on 1 April 2013 replaced the FSA with the PRA, which is responsible for micro-prudential regulation of financial institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business. This Act also contains provisions enabling the transfer of regulatory authority (including consumer credit regulation) from the Office of Fair Trading (the "**OFT**") to the FCA. The relevant secondary legislation was enacted in 2013 and 2014 and the transfer was effected on 1 April 2014.

Under the Financial Services Act 2012: (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules. This Act also provides for formalised cooperation to exist between the FCA and the Ombudsman (as described below), particularly where issues identified potentially have wider implications, with a view to the FCA requiring affected firms to operate consumer redress schemes.

Any further changes to MCOB arising from the FCA's mortgage market review, or to MCOB or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure, may adversely affect the Loans, the Legal Title-Holder, the Issuer, the Mortgage Administrator and their respective businesses and operations.

Unfair relationships

Under the CCA, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA 2000 and also applies to (as described above) "consumer credit back book mortgage contracts". If the court makes a determination that the relationship between the lender and a borrower is unfair, then it may make an order, among other things, requiring the originator, or any assignee (such as the Issuer) to repay amounts received from such borrower. In applying the unfair relationship test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct (or anyone acting on behalf of the creditor) before and after making the agreement or in relation to any related agreement. There is no statutory definition of the word "unfair" in the CCA, as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR and the CRA (each as defined below). The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA 2000, and guidance published by the FSA and subsequently, the FCA, on that principle and by the OFT on the unfair relationship test may also be relevant. Under the CCA, once the debtor alleges that an unfair relationship exists, the burden of proof is on the creditor to prove the contrary.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court may require the creditor to repay sums to the debtor, to do, not do or cease doing anything in relation to the agreement, reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor as defined under section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

Plevin v Paragon Personal Finance Limited 2014 UKSC 61 ("**Plevin**"), a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. Where add-on products such as insurance are sold and are subject to significant commission payments, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of an unfair relationship.

In March 2017, the FCA published final rules and guidance with respect to payment protection insurance complaints in light of *Plevin*. The rules will not apply to borrowers with Regulated Mortgage Contracts. The FCA rules came into force on 29 August 2017 and required that firms that sold payment protection insurance ("**PPI**") must write to previously rejected mis-selling complainants who are eligible to complain again in light of *Plevin* in order to explain this to them by 29 November 2017. The FCA rules state that if the anticipated profit share and commission or the likely range of profit share and commission on a PPI contract was not disclosed to the borrower before the PPI contract was entered into, the firm should consider whether it can satisfy itself on reasonable grounds that an unfair relationship did not arise. A firm should make a rebuttable presumption that failure to disclose commission gave rise to an unfair relationship if the anticipated profit share plus the commission known or reasonably foreseeable at the time of sale was in relation to a single premium payment protection contract, more than 50% of the total amount paid in relation to the PPI contract or in the case of a regular premium PPI contract, at

any time in the relevant period or periods more than 50% of the total amount paid in relation to the PPI contract in respect of the relevant period or periods. The FCA cites, amongst others, an example of such presumption being rebutted by the lender not having known and not being reasonably expected to have known or foreseen the level of commission and anticipated profit share. Where the firm concludes that the non-disclosure of commission on a PPI contract has given rise to an unfair relationship, the firm should remedy the unfairness by paying the complainant a sum equal to the total commission paid by the complainant for PPI plus an amount representing any profit share payment, minus 50% of the total amount paid by the complainant for the PPI ("**Compensation Sum**"). The firm should also repay interest received by it in relation to the Compensation Sum (which is the interest the complainant paid as a result of the Compensation Sum being included in the loan) where relevant and also pay simple interest on the whole amount.

An alternative dispute resolution scheme for consumer credit matters is run by the FOS and was established on 6 April 2007. The scheme is mandatory for all authorised businesses. The FCA has a wide range of disciplinary, criminal and civil powers under FSMA to take actions against authorised firms who fail to comply with regulatory requirements, including power to withdraw authorisations, ban firms from financial services, suspend firms or individuals for 12 months and issue unlimited fines.

If a court determined that there was an unfair relationship between the lender and the borrowers in respect of the Loans and ordered that financial redress was made in respect of such Loans, or if redress was due in accordance with the FCA guidance on PPI complaints, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Mortgage Pool.

Inquiries into payment protection insurance

Financial institutions, including mortgage lenders, continue to see a volume of claims for redress made by claimants who claim they were mis-sold PPI. The Financial Ombudsman Service ("**FOS**") has provided guidance to the credit industry as to the correct approach to redress, which is published on its website <https://www.financial-ombudsman.org.uk/businesses/complaints-deal/ppi/ombudsmans-approach>. This is that the consumer should be put back into the position they would have been in but for the failure on the part of the lender or broker. Redress should be assessed on the basis that the claimant would not have purchased the policy, if the lender or broker had given a fair recommendation and/or had given appropriate information during the sale and that the claimant should be compensated if he has been out-of-pocket in the meantime.

The relevant regulators expect the credit industry to follow the FOS-mandated approach. Depending on the precise circumstances of each case, redress will normally involve calculating what the current balance of the loan would have been if the consumer had made the same monthly payments but without PPI. This is calculated by deducting the PPI premiums and the interest and charges that resulted from those premiums (including those arising because the ongoing balance on the loan was higher than it would have been, if the consumer had made the same payments to an account without PPI). If the reconstruction produces a credit balance for any period, the payment of interest (normally at the rate of 8% simple per year) should be added to the credit balances for the period that the account was in credit. This highly complex calculation methodology can result in high redress, particularly where the loan has been significantly utilised over a long period, as PPI is typically charged by reference to the loan balance. Where appropriate (for example, where the lender or broker rejected a complaint that it knew (or should have known) that the FOS would uphold), damages for distress/inconvenience may also need to be considered.

PPI redress is generally paid by cheque to each individual claimant as a matter of course, except where the loan is delinquent, in which case the Borrower will generally be advised that redress is to be set-off against the balance unless the Borrower opts to have it paid by cheque, if applicable. Generally, it is within claimants' rights to request that their PPI redress is set-off against their balance, giving rise to a risk that the Issuer does not receive the full amount otherwise owed by the Borrower under the relevant Loan.

The FCA have made a new rule which sets a deadline by which consumers will need to make their PPI complaints or lose their right to have them assessed by firms or the FOS (although consumers will still be able to bring claims in court after the deadline). This rule came into force on 29 August 2017 with the deadline for complaints falling on 29 August 2019.

Set-off by Borrowers in respect of PPI claim amounts against the amount due by the Borrower under the relevant Loans may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans and the realisable value of the Mortgage Pool.

Mortgage Prisoners

In March 2019, the FCA issued the Mortgages Market Study Final Report (the "**MMS Final Report**") and published a consultation paper (the "**Consultation**") setting out detailed proposals to remove regulatory barriers to changing mortgages for "mortgage prisoners". The Consultation closed in June 2019. The term "mortgage prisoners" has been defined by the FCA to mean mortgage customers who would benefit from changing their mortgage product (either with their existing lender or with a new lender) (**Switching**) but are unable to do so despite being up to date with their current mortgage payments. The FCA has confirmed that the findings from the MMS Final Report are aimed at the first charge residential mortgage market in particular and that it did not focus on second charge, buy-to-let, commercial mortgages or home reversion plans. The FCA have however stated that insights gained from the MMS Final Report are likely to be relevant to other markets within the FCA's regulatory scope.

The FCA previously recognised that the affordability rules applicable to new lenders (being whether the consumer can afford to service the mortgage, accounting for income and expenditure and includes consideration of future changes, taking account of likely future interest rates and the extent to which the customer is borrowing in to retirement) was an obstacle to new lenders being able to facilitate Switching. The Consultation sets out proposals as to how to modify these rules so that a borrower Switching who is up to date with their mortgage payments and is not taking on additional borrowing (other than to fund any product or arrangement fee) can pass the affordability test if the new product is cheaper than the existing product. The FCA is also consulting pursuant to the Consultation on imposing on mortgage administrators and servicers who act for unregulated lenders (such as the Issuer) an obligation to notify all relevant borrowers of that unregulated lender serviced by that administrator or servicer of the fact that the borrower may be able to switch to a cheaper product following the change in rules and to direct the borrowers to information which explains how they may change their mortgage to a lender which applies the relevant modified affordability test. These notices would only apply to residential borrowers (excluding lifetime mortgages) who were on a reversion rate and who were up to date with payments for the previous 12 months. The proposed modification of the rules should make it easier for a borrower who is a mortgage prisoner with an unregulated lender to switch to a new lender and this, together with the proposed notification obligations, could increase redemption rates where there are a significant number of mortgage prisoners held by an unregulated lender.

In May 2019 an All-Party Parliamentary Group (the "**APPG**") was set up by MPs Seema Malhotra and Charlie Elphicke to campaign to help mortgage prisoners. The APPG aims to raise awareness in Parliament of the issues faced by mortgage prisoners and to ensure that mortgage prisoners are treated fairly. The Legal Title Holder has committed to offer "mortgage prisoners" (including any in the Mortgage Pool) new terms. Where a Borrower accepts new terms from the Legal Title Holder, this would result in either the redemption of the existing Loan and the entering into of a new Loan (outside the Mortgage Pool), thereby resulting in a redemption of the existing Loan in the Mortgage Pool or in an amendment to the terms of the existing loan (a product switch). In the event that the offer to mortgage prisoners is effected by a product switch, the Legal Title Holder will be required to purchase the relevant Loan from the Issuer on or before the date the relevant product switch is effected for an amount equal to Repurchase Price. In the event that the Legal Title Holder does not purchase the relevant Loan and its Related Security, no change will be made to the terms of the relevant Loan and a product switch will not be made. There is a possibility that, where a significant number of Borrowers elected to switch and re-mortgage with another lender, the concentration of remaining Borrowers with arrears in the Mortgage Pool may increase, and accordingly the overall credit quality of the Mortgage Pool may decrease, and that this could therefore adversely affect the ultimate amount received by the Issuer in respect of the Loans and the realisable value of the Mortgage Pool.

Non-disclosure of Broker Commissions

Certain of the Loans may also have been originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procurator fee. The standard loan offer documents for a number of such Loans specified the fact and amount of commission, however the standard loan offer documents of a

number of such other Loans were either silent as to broker commissions or contained a statement that an introductory fee based on a percentage of the gross loan will be paid to the intermediary following completion.

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

Automatic capitalisation

On 24 April 2017, the FCA issued finalised guidance relating to issues arising from automatic capitalisation, in particular cases where lenders both add arrears to an account balance (and as a result readjust the amount of regular payments due under the loan) and keep a separate record of the borrower's arrears and seek separate (and additional) payment of those. In the finalised guidance, the FCA state that they expect FCA authorised firms to ensure this practice ceases and to carry out remediation. The review period for remediation begins from 25 June 2010 and the FCA expected all remediation programmes to be concluded by 30 June 2018.

The FCA have proposed a framework for remediation and in broad terms the FCA expect borrowers to be compensated for any incorrectly charged fees and interest and where fees have been paid by the customer, simple interest of 8% p.a. and simple interest of 8% on any "overpayments", i.e. any actual payments of monthly payments in excess of those which would have been required to pay off the arrears had there been no automatic capitalisation. Firms using the remediation framework will only reconstitute mortgage accounts where at least one automatic capitalisation resulted in an additional payment greater than £10 per month. Use of the framework is not mandatory, but the FCA expects firms to determine a remediation approach to achieve fair outcomes for the affected customers.

If any remediation is required or Borrowers bring claims in connection with their Loans in respect of an automatic capitalisation, such remediation and claims and any set-off by Borrowers in respect of such claims against the amount due by the Borrowers under the relevant Loans, may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Mortgage Pool and/or the ability of the Issuer to make payments under the Notes and the VRR Loan Note.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of the regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The regulations (and MCOB in respect of activities related to Regulated Mortgage Contracts) require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions, and whether or not there is a right of cancellation.

A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, 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 the 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 expiry of 14 days beginning with the 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.

Compliance with the regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB

rules could result in, *inter alia*, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

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 the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other 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 provided in relation to the contract is treated as never having had effect.

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 and the VRR Loan Note when due.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999 and Consumer Rights Act 2015

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the "**UTCCR**"), apply to business-to-consumer agreements made on or after 1 July 1995 and before 1 October 2015 where the terms have not been individually negotiated (and the "consumer" for these purposes falls within the definition provided in the UTCCR). The Consumer Rights Act 2015 (the "**CRA**") has revoked the UTCCR in respect of contracts made on or after 1 October 2015.

The UTCCR and the CRA provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a term in an agreement on the basis that it is "unfair" within the UTCCR or the CRA as applicable and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term) and provide that a regulator may take action to stop the use of terms which are considered to be unfair.

The UTCCR will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR may affect terms that are not considered to be terms which define the main subject matter of the contract such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees.

For example, if a term permitting the lender to vary the interest rate (as the Seller is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender. Any such non-recovery, claim or set-off in relation to a Loan in the Mortgage Pool may adversely affect the Issuer's ability to make payments on the Notes.

On 12 January 2016, the FCA and the Competition and Markets Authority (the "**CMA**") entered into a memorandum of understanding in relation to consumer protection (the "**MoU**") which stated that the CMA may consider fairness, but will not usually expect to do so, where the firm concerned is an authorised firm or an authorised representative under FSMA. Further, the MoU stated that the FCA will consider fairness within the meaning of the CRA and the UTCCR, or standard terms, and the CRA of negotiated terms, in financial services contracts issued by authorised firms or appointed representatives, when such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO), in the UK. In the MoU 'authorised' includes having an interim permission and a 'relevant permission' includes an interim permission. This will include contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;

- bank, building society and credit union accounts;
- life assurance;
- pensions;
- investments;
- consumer credit;
- consumer hire; and
- other credit-related regulated activities.

MCOB rules for Regulated Mortgage Contracts require that: (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from 15 December 2016, when a payment is made which is not sufficient to cover a payment shortfall and the firm is deciding how to allocate the payment between (i) the current month's periodic instalment of capital or interest (or both), (ii) the payment shortfall; and (iii) interest or charges resulting from the payment shortfall, the firm must set the order of priority in a way that will minimise the amount of the payment shortfall once the payment has been allocated. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR (such statement has since been withdrawn – see below).

In July 2012, the Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeated the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms which are indicatively unfair. The Law Commission also recommended that the relevant legislation should expressly provide that, in proceedings brought by individual consumers, the court is required to consider the fairness of the 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. Such reforms are included in the CRA, which came into force in October 2015.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012.

On 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The extremely broad and general wording of the UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR and the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into between 1 July 1999 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes and the VRR Loan Note.

On 19 December 2018, the FCA published finalised guidance: "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (FG18/7), outlining factors the FCA consider firms should have regard to when drafting and reviewing variation terms in consumer contracts. This follows

developments in case law, including at the Court of Justice of the EU. The finalised guidance relates to all financial services consumer contracts entered into since 1 July 1995. The FCA stated that firms should consider both this guidance and any other rules that apply when they draft and use variation terms in their consumer contracts. The FCA stated that the finalised guidance will apply to FCA authorised persons and their appointed representative in relation to any consumer contracts which contain variation terms.

The Unfair Contract Terms and Consumer Notices Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA's policy on how it uses its powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015 (the **CMA Guidance**). The CMA indicated in the CMA Guidance that the fairness and transparency provisions of the CRA are regarded to be "effectively the same as those of the UTCCR". The document further notes that "the extent of continuity in unfair terms legislation means that existing case law generally, and that of the Court of Justice of the European Union particularly, is for the most part as relevant to the Act as it was the UTCCRs".

The guidance issued by the regulators has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the UTCCR and CRA, or reform of the UTCCR and the CRA, will not have a material adverse effect on the Seller, the Mortgage Administrator and the Issuer and their respective businesses and operations. This may adversely affect the ability of the Issuer to make payments in full on the Notes and the VRR Loan Note when due.

Financial Ombudsman Service

Under the FSMA, the Financial Ombudsman Service (the "**Ombudsman**"), an independent adjudicator, is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance, rather than making determinations strictly on the basis of compliance with law.

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. 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 and the VRR Loan Noteholder.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and the Council adopted a Directive (2005/29/EC) regarding unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). Generally, this directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Unfair Practices Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Unfair Practices Directive is implemented into UK law by the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTR**"), which came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR did not (of itself) render an agreement void or unenforceable, but was (and remains) a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The CPUTR did not originally provide consumers with a private act of redress. Instead, consumers had to rely on existing private law remedies based on the law of misrepresentation and duress. However, the Consumer Protection (Amendment) Regulations 2014 (SI No.870/2014) was laid before Parliament on 1 April 2014 and came into force on 1 October

2014. In certain circumstances, these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for regulated mortgage contracts from 25 June 2010 prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of the term, or a change in product type, and (b) automatically capitalising a payment shortfall.

No assurance can be given that the implementation of the Unfair Practices Directive into UK law and any further harmonisation will not have a material adverse effect on the Loans or on the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders and the VRR Loan Noteholder.

Mortgage repossession

In June 2010, the FSA made changes to MCOB which effectively converted 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 (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA indicated that it did not expect each forbearance option referred to in these 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 Mortgage Administrator to take certain forbearance-related actions (which may not have been contemplated as at the date of this Prospectus or the Transaction Documents) in respect of one or more Loans and their Related Security. 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.

A pre-action protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008, which 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 may be subject to the wishes of the relevant borrower and may not apply in cases of fraud.

The Mortgage Repossessions (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.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 (the "**2010 Act**") came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the 2010 Act, the heritable creditor, which may be a Legal Title-Holder or, in the event of it taking legal title of the Scottish Loans and their Related Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, as well as imposing further procedural requirements.

The protocol in these Acts and the MCOB requirements for mortgage possession cases may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and a lower repayment rate on the Notes and the VRR Loan Note.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the "**2012 Act**") received royal assent on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only require to be moved to the Land Register of Scotland (a process known as 'first registration') when that property was sold or if the owner decided voluntarily to commence first registration. However, the 2012 Act provides additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which will extend to any standard security granted by the Issuer in favour of the Trustee over Scottish Mortgages in the Mortgage Pool recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a Perfection Event (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which would extend to any assignation granted by the Legal Title-Holder in favour of the Issuer in respect of Scottish Mortgages in the Mortgage Pool recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement following a Perfection Event (a "**Scottish Sasine Transfer**")).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016 (the "**Commencement Date**"). As of this date, the General Register of Sasines is now closed to the recording of securities. Despite the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely; although the Registers of Scotland have reserved the right to consult further on this issue in the future.

In addition, the 2012 Act introduced provision for the keeper of the Land Register of Scotland to transfer a property title currently registered in the General Register of Sasines to the Land Register of Scotland without an application from the borrower ("**Keeper Induced Registrations**"). Registers of Scotland have now introduced Keeper Induced Registrations in certain counties for both publicly and privately owned properties and have published a list of affected postcodes on its website.

If a Perfection Event occurs then an application to record a Scottish Sasine Sub-Security in relation to Scottish Mortgages in the Mortgage Pool (following the transfer of legal title to such Scottish Mortgages by way of a Scottish Sasine Transfer) could trigger a first registration in the Land Register of Scotland of the underlying Scottish Properties secured by the relevant Scottish Mortgages.

The impact of these changes to the Scottish land registration system is unlikely to be of material detriment to the Trustee or to the Noteholders for the following reasons: (i) whilst these changes are likely to prolong completion of the registration process where a first registration is required, Registers of Scotland policy is to take a pragmatic view where possible and not to burden parties (such as the Issuer, Trustee or the Borrower who owns the underlying Scottish Property) with unreasonable or arbitrary costs and in particular the statutory fee for a first registration has been waived where its purpose is the granting of a standard security, which would keep the statutory cost of registering a Scottish Sasine Sub-Security in line with current statutory costs; (ii) whilst the prolonged registration process is likely to be of practical inconvenience to the Trustee and the Noteholders, the validity and effectiveness of any Scottish Sasine Sub-Security would be unaffected by the change to the registration system (and the relevant Scottish Mortgages would in any event continue to be covered by the floating charge granted by the Issuer under the Deed of Charge). However, it is not unlikely that, were a Perfection Event to occur, the parties involved may still encounter increased legal and other third party costs relating to the first registration process and additional administrative burden.

As noted above, no indication has been given as to when or if the above provisions may be extended to other types of dealing with a standard security, such as assignations. However, if the General Register of Sasines becomes closed to assignations of standard securities under the same provisions at any time subsequent to the Issue Date then this would also have an impact on (a) the registration of the legal title transfers by the Legal Title-Holder in favour of a substitute legal title-holder of Scottish Mortgages which secure the relevant Loans and (b) the registration of Scottish Sasine Transfers executed following a Perfection Event in a manner similar to Scottish

Sasine Sub-Securities, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

Given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (Registers of Scotland estimated that in April 2018 around 65% of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the current portfolio where 6.03 per cent. of the Target Mortgage Pool by aggregate Outstanding Principal Balance of the Loans are Scottish Loans, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

Legal Title Transfers of Scottish Mortgages

The validity of the form of Scottish assignments of standard securities (which transfers legal title to the Scottish Mortgages) used commonly in the marketplace over the past few decades was brought into question in a judgment of Banff Sheriff Court, in the case of OneSavings Bank plc v Burns 2017 SC BAN 20 ("**OneSavings Bank v Burns**"). In this case the court interpreted the relevant legislation as requiring a Scottish assignment to specify the amounts due under the standard securities in order to constitute a valid transfer of the legal title to such standard securities. The market practice in the majority of cases in Scotland had previously been for Scottish assignments not to specify the amounts due.

The effect of the judgment is that, where a mortgage loan and the standard security securing such loan have been transferred using a form of Scottish assignment which has not specified the amounts due thereunder, the mortgage loan will vest in the transferee, but legal title to the standard security may not vest in the transferee and instead remain vested in the transferor. As a result the transferee may - without further remedial action - encounter difficulties in trying to enforce the standard security against the underlying borrower. On 26 May 2017 an unreported judgment of the Court of Session, in the case of Shear v Clipper Holdings, cast doubt on the judgment in OneSavings Bank v Burns as in the judgment Lord Bannatyne disagreed with the approach of the Sheriff in OneSavings Bank v Burns. A subsequent judgment of Greenock Sheriff Court on 24 August 2017, in the case of Promontoria (Henrico) Limited v The Firm of Portico Holdings (Scotland) and others 2018 SC GRE 5, followed the decision in Shear v Clipper Holdings. Neither OneSavings Bank v Burns nor Shear v Clipper Holdings nor Promontoria (Henrico) Limited v The Firm of Portico Holdings (Scotland) and others are binding on other courts in Scotland and it is possible that other Sheriff courts may choose to follow either set of judgments.

Any risk would be limited to Scottish Mortgages (a) which were not originated by the Legal Title-Holder but which were transferred to the Legal Title-Holder using the form of legal title transfer held to be flawed in OneSavings Bank v Burns and (b) which are subsequently enforced by way of "calling-up" of the standard security, and challenged on similar grounds to those in OneSavings Bank v Burns.

The Renting Homes (Wales) Act 2016

The Renting Homes (Wales) Act 2016 (the "**Renting Homes Act**") received royal assent on 18 January 2016 but has not yet been brought fully into force. This Act will convert the majority of residential tenancies in Wales into a 'standard contract' with retrospective effect when it has been brought fully into force, however some tenancies will not be converted with retrospective effect (including those which have protection under the Rent Act 1977 and tenancies for more than 21 years).

The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the Housing Act 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession.

The Renting Homes Act may result in lower recoveries in relation to buy-to-let mortgage loans over Properties in Wales and may affect the ability of the Issuer to make payments under the Notes.

Private Housing (Tenancies) (Scotland) Act 2016

The Private Housing (Tenancies) (Scotland) Act 2016 came into force on 1 December 2017. Existing assured tenancies and short assured tenancies in place before 1 December 2017 will continue until brought to an end or converted. Each qualifying tenancy agreement from 1 December 2017 will be a "private residential tenancy" which will (except in a limited number of exceptions) provide tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds.

Accordingly, a lender or security holder may not be able to obtain vacant possession if it wishes to enforce its security unless one of the specific eviction grounds under the legislation applies. It should be noted though that one of the mandatory grounds on which an eviction order can be sought is that a lender or security holder intends to sell the property and requires the tenant to leave the property in order to dispose of it with vacant possession. The effect of this legislative change will primarily be restricted to any buy-to-let loans secured over a property in Scotland.

Energy Efficiency Regulations 2015

From 1 April 2018, landlords of relevant domestic properties in England and Wales may not grant a tenancy to new or existing tenants if their property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate for the property) and from 1 April 2020, landlords must not continue letting a relevant domestic property which is already let if that property has an EPC rating of band F or G (as shown on a valid Energy Performance Certificate for the property). In both cases described above this is referred to in the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the "**Energy Efficiency Regulations 2015**") as the prohibition on letting substandard property. Where a landlord wishes to continue letting property which is currently substandard, they will need to ensure that energy efficiency improvements are made which raise the EPC rating to a minimum of E. In certain circumstances landlords may be able to claim an exemption from this prohibition on letting sub-standard property; this includes situations where the landlord is unable to obtain funding to cover the cost of making improvements, or where all improvements which can be made have been made, and the property remains below an EPC rating of Band E. Local authorities will enforce compliance with the domestic minimum level of energy efficiency. They may check whether a property meets the minimum level of energy efficiency, and may issue a compliance notice requesting information where it appears to them that a property has been let in breach of the Energy Efficiency Regulations 2015 (or an invalid exemption has been registered in respect of it). Where a local authority is satisfied that a property has been let in breach of the Energy Efficiency Regulations 2015 it may serve a notice on the landlord imposing financial penalties.

Landlords in Scotland currently need to have a valid EPC available for a property offered for let when there is a change in tenancy. Under the Energy Performance of Building (Scotland) Regulations 2008 the EPC is valid for a period of up to 10 years, and must be lodged on the EPC register. There are existing mechanisms to enforce this requirement, although it should be noted that in Scotland the basis for assessment of EPC ratings is different from that in England and Wales, which can lead to different ratings for similar buildings in both jurisdictions.

In order to set similar standards in the private rented sector in Scotland compared to those in England and Wales, on 7 April 2017, the Scottish government published a consultation on proposals to ensure that all privately rented homes in Scotland meet a minimum standard of energy efficiency. Whilst the Scottish government still has to publish draft regulations in response to the consultation, the consultation has a stated aim of requiring all private rented sector properties to have a minimum Energy Performance Certificate (EPC) rating of 'E' at a change in tenancy from 1 April 2020 – and rising to EPC rating level 'D' from 1 April 2022.

Financial penalties imposed on landlords who are found to be in breach of the Energy Efficiency Regulations 2015 may result in lower recoveries in relation to buy-to-let mortgage loans in the Mortgage Pool and may affect the ability of the Issuer to make payments under the Notes and the VRR Loan Note.

USE AND ESTIMATED AMOUNT OF PROCEEDS

The estimated net proceeds of the issue of the Notes and the VRR Loan Note are expected to amount to approximately £2.49 billion less all fees and commissions payable to the Joint Lead Managers and the estimated net proceeds will be:

- (a) applied in the purchase by the Issuer from the Seller of the Completion Mortgage Pool on the Issue Date;
- (b) used to fund the Reserve Fund up to its initial amount on the Issue Date (in respect of the proceeds of the X Notes, Z1 Notes and the Z2 Notes and the VRR Proportion of the proceeds of the X Notes, Z1 Notes and Z2 Notes) and
- (c) to pay into the Transaction Account to the extent that the proceeds of the Notes and the VRR Loan Note (other than any amount not to credit the Reserve Fund) exceeds the cash consideration paid by the Seller for the Loans under the Mortgage Sale Agreement.

THE ISSUER

Introduction

The Issuer was incorporated and registered under the laws of England and Wales under the Companies Act 2006 with limited liability as a public limited company on 25th June 2019, with registered number 12069566. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each (one of which is fully paid and 49,999 of which are one quarter paid up) held by Hawksmoor Mortgage Funding 2019-1 Holdings Limited (the "**Parent**"). The entire issued share capital of the Parent is held on trust by Intertrust Corporate Services Limited under the terms of a share trust deed. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of the Issuer.

Intertrust Management Limited (the "**Corporate Services Provider**"), acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on the Issue Date between, *inter alios*, the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider performs various management and secretariat functions on behalf of the Issuer, including the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. See "*The Mortgage Administration Facilitator, the Legal Title-Holder Facilitator and the Corporate Services Provider*" for more information.

Directors

The directors of the Issuer and their respective business addresses and principal activities outside the Issuer are:

<u>Name</u>	<u>Address</u>	<u>Principal Activities/Position</u>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Company 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>Business occupation</u>
Sue Abrahams	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Clive Short	35 Great St. Helen's, London EC3A 6AP	Director
Michelle O'Flaherty	35 Great St. Helen's, London EC3A 6AP	Director
Andrea Williams	35 Great St. Helen's, London EC3A 6AP	Director

The accounting reference date of the Issuer is 31 December.

The Company Secretary of the Issuer is Intertrust Corporate Services Limited (registered number 3920255). The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom. The telephone number of the Issuer is +44 (0) 207 398 6300.

Activities

The Issuer has been established as a special purpose vehicle to acquire portfolios of residential mortgage loans and issue asset-backed securities. Its activities will be restricted by the terms and conditions of the Transaction Documents and will be limited to the issue of the Notes, the VRR Loan Note and the Certificates, the ownership of the beneficial title to and interest in the Loans and their Related Security and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include: (a) the collection of all payments of principal and interest due from Borrowers on Loans; (b) the operation of arrears procedures; and (c) the enforcement of Loans and their Related Security against Borrowers in default. Substantially all of the above activities will be carried out by the Mortgage Administrator on an agency basis under the Mortgage Administration Agreement. In respect of certain specified items, such as the discretionary, as opposed to the procedural, aspects of the enforcement of Loans and their Related Security against Borrowers in default and other discretionary matters, the Issuer has delegated certain decision-making powers to the Legal Title-Holder pursuant to the Mortgage Administration Agreement. Additionally, the Cash Administrator (as set out in the Cash Administration Agreement) will provide cash management services to the Issuer pursuant to the Cash Administration Agreement. The Issuer may terminate the agency (and, simultaneously, the rights) of the Mortgage Administrator or the Cash Administrator upon the occurrence of certain events of default or insolvency or similar events in relation to the Mortgage Administrator or the Cash Administrator, in certain circumstances, following an Event of Default in relation to the Notes, the VRR Loan Note or the Certificates. Following such an event as aforesaid, the Issuer (prior to the delivery of an Enforcement Notice with the consent of the Trustee) or the Trustee may (following the delivery of an Enforcement Notice), subject to certain conditions, appoint substitute administrators. In relation to the appointment of a replacement mortgage administrator, the Mortgage Administration Facilitator will, pursuant to the terms of the Mortgage Administration Agreement, use reasonable endeavours to identify and select a replacement mortgage administrator within 30 calendar days of the occurrence of the applicable Mortgage Administrator Termination Event and provide details of the Proposed Replacement Mortgage Administrator to the Issuer, the Legal Title-Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Mortgage Administrator, the Issuer shall appoint the Proposed Replacement Mortgage Administrator as Mortgage Administrator on substantially the same terms as set out in the Mortgage Administration Agreement, **provided, however, that** any such appointment shall be subject to the prior written consent of the Trustee and the Legal Title-Holder.

In relation to the appointment of a replacement legal title-holder, the Legal Title-Holder Facilitator will, pursuant to the terms of the Mortgage Administration Agreement, use reasonable endeavours to identify and select a replacement legal title-holder within 30 calendar days of the occurrence of the applicable Legal Title-Holder Termination Event and provide details of the Proposed Replacement Legal Title-Holder to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Legal Title-Holder, the Issuer shall appoint the Proposed Replacement Legal Title-Holder as Legal Title-Holder on substantially the same terms as set out herein, **provided, however, that** any such appointment shall be subject to the prior written consent of the Trustee.

The principal objects of the Issuer are unrestricted in its Memorandum and Articles of Association.

Since its incorporation, the Issuer has not produced any accounts and has not engaged in any material activities other than those incidental to its registration as a public company, the authorisation of the issue of the Notes, the VRR Loan Note and the Certificates, the matters contemplated in this Prospectus, the authorisation of the Transaction Documents referred to in this Prospectus in connection with the issue of the Notes, the Certificates and other matters which are incidental or ancillary to those activities. The Issuer has no employees.

Issuer profit

Funds are to be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and, after the service of an Enforcement Notice, the Post-Enforcement Priority of Payments in an

amount of £300 on each Interest Payment Date (with the exception of the first Interest Payment Date which will be for an amount of £500) for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any such amount so applied shall be credited to the Issuer Profit Ledger and applied in satisfaction of the Issuer's obligations in respect of United Kingdom corporation tax and in payment of dividends. It is not intended that the Issuer make a profit above the Issuer Profit.

Auditors

The independent auditor of the Issuer is KPMG LLP whose office is located at One Sovereign Square, Sovereign Street, Leeds LS1 4DA, United Kingdom.

HOLDINGS

Hawksmoor Mortgage Funding 2019-1 Holdings Limited ("**Holdings**") was incorporated under the laws of England and Wales on 25 June 2019 (registered number 12069282) 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, United Kingdom. The telephone number of Holdings' registered office is +44 (0) 207 398 6300.

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

The entire beneficial interest in the issued share capital of Holdings is held by Intertrust Corporate Services Limited (the "**Share Trustee**") under a discretionary trust for discretionary purposes.

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

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

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

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

Directors

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

<u>Name</u>	<u>Business address</u>	<u>Business occupation</u>
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
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director

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

<u>Name</u>	<u>Business address</u>	<u>Business occupation</u>
Sue Abrahams	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Clive Short	35 Great St. Helen's, London EC3A 6AP	Director
Michelle O'Flaherty	35 Great St. Helen's, London EC3A 6AP	Director
Andrea Williams	35 Great St. Helen's, London EC3A 6AP	Director

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

The accounting reference date of Holdings is 31 December.

THE MORTGAGE ADMINISTRATOR AND THE LEGAL TITLE-HOLDER

Kensington Mortgage Company Limited is a company incorporated under the laws of England and Wales (registration number 03049877) on 26 April 1995, having its registered office at Ascot House, Maidenhead Office Park, Maidenhead SL6 3QQ, United Kingdom. It is a company whose purpose is advancing or acquiring residential Loans to Borrowers in England and Wales, Northern Ireland and Scotland. KMC is a wholly owned subsidiary of The Northview Group Limited (formerly called Kensington Group Limited).

KMC is currently the authorised mortgage lender of loans with the Kensington group, on the basis that it is an "authorised person" approved by the Financial Conduct Authority to carry out certain regulated activities.

KMC holds the relevant authorisations under FSMA and the CCA and any other authorisation or approval necessary to act as lender in its capacity as lender/creditor/mortgage administrator under regulated mortgage contracts.

THE CASH ADMINISTRATOR

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

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

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

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

THE SELLER

The Seller was incorporated on 5 July 2019 as an orphan special purpose vehicle solely in relation to the transaction. The Retention Holder entered into a profit participating note with the Seller on 23 July 2019, pursuant to which the Retention Holder committed to provide all funds required by the Seller for the purpose of acquiring the certificates issued by each of the Securitisation Issuers (carrying the rights to acquire the relevant Loans from the Securitisation Issuers) from Junglinster and for the purposes of acquiring the Loans from the Securitisation Issuers and (in respect of the Additional Loans) from Junglinster.

The Retention Holder (acting through its exposure to the profit participating note with the Seller) became committed to purchase the Loans on 23 July 2019.

In addition the Retention Holder has entered into an advisory agreement with the Seller, pursuant to which the Seller shall act at the direction of the Retention Holder from time to time, including in relation to the acquisition and securitisation of the Mortgage Pool.

THE RETENTION HOLDER AND SERVICER ADMINISTRATOR

Credit Suisse International ("CSi") was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed "Credit Suisse First Boston International" on 27 March 2000 and "Credit Suisse International" on 16 January 2006. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ, telephone number +44 (0)20 7888 8888.

CSi is a bank domiciled in England established under English law and is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the Financial Conduct Authority and the PRA.

CSi is an unlimited company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSi in the event of its liquidation. The joint, several and unlimited liability of the shareholders of CSi to meet any insufficiency in the assets of CSi will only apply upon liquidation of CSi. Therefore, prior to any liquidation of CSi, the creditors may only have recourse to the assets of CSi and not to those of its shareholders.

CSi commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSi is to provide comprehensive treasury and risk management derivative product services. CSi has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. This business is managed as a part of the Global Markets and Investment Banking and Capital Markets Divisions of Credit Suisse AG.

The liquidity and capital requirements of CSi are managed as an integral part of the wider Credit Suisse group framework. This includes the local regulatory, liquidity and capital requirements in the United Kingdom.

THE TRUSTEE

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

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

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

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

THE ACCOUNT BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND THE REGISTRAR

Elavon Financial Services DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

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

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

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The Corporate Trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

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

THE COLLECTION ACCOUNTS PROVIDER

Barclays Bank PLC (the **Bank**, and together with its subsidiary undertakings, the **Bank Group**) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the **Group**) is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organised into two clearly defined business divisions – Barclays UK division and Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which operate alongside Barclays Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Bank and the Bank Group offer products and services designed for the Group's larger corporate, wholesale and international banking clients.

The short term unsecured obligations of the Bank are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long term unsecured unsubordinated obligations of the Bank are rated A by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2018, the Bank Group had total assets of £877,700m (2017: £1,129,343m), total net loans and advances of £136,959m (2017: £324,590m), total deposits of £199,337m (2017: £399,189m), and total equity of £47,711m (2017: £65,734m) (including non-controlling interests of £2m (2017: £1m)). The profit before tax of the Bank Group for the year ended 31 December 2018 was £1,286m (2017: £1,758m) after credit impairment charges and other provisions of £643m (2017: £1,553m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2018.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2019, the Bank Group had total assets of £969,266m, total net loans and advances of £144,664m, total deposits of £215,125m, and total equity of £52,610m (including non-controlling interests of £0m). The profit before tax of the Bank Group for the six months ended 30 June 2019 was £1,725m (30 June 2018: £725m) after credit impairment charges and other provisions of £510m (30 June 2018: £156m). The financial information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2019..

**THE MORTGAGE ADMINISTRATION FACILITATOR, THE LEGAL TITLE-HOLDER
FACILITATOR AND THE CORPORATE SERVICES PROVIDER**

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

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

The Corporate Services Provider will be entitled to terminate its respective appointment under the Corporate Services Agreement on 30 days' written notice to the Issuer, the 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 Holdings or, following delivery of an Enforcement Notice, the Trustee can terminate the appointment of the Corporate Services Provider on 30 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 an Enforcement Notice, the 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.

Intertrust Management Limited will also be appointed as the Mortgage Administration Facilitator and the Legal Title-Holder Facilitator pursuant to the Mortgage Administration Agreement (see the section entitled "*Administration, Servicing and Cash Management of the Mortgage Pool*" for further information).

CONSTITUTION OF THE MORTGAGE POOL

The Mortgage Pool

On the Issue Date, the Completion Mortgage Pool will be sold to the Issuer pursuant to the Mortgage Sale Agreement. The Completion Mortgage Pool consists of the Target Mortgage Pool other than Loans which, in the period from (and including) the Target Pool Cut-Off Date up to (but excluding) the date on which the Completion Mortgage Pool is confirmed, do not comply with the Warranties given in respect of the Loans pursuant to the Mortgage Sale Agreement as at the Issue Date (the "**Ineligible Loans**"). On and from the Issue Date, the Mortgage Pool consists of the Completion Mortgage Pool and other Loans which have been repaid or in respect of which funds representing principal outstanding have otherwise been received in full or which have been re-transferred to the Seller pursuant to the Mortgage Sale Agreement or in respect of which Enforcement Procedures have been completed.

The Target Mortgage Pool consists of Loans originated or acquired by the Originators. The Seller will repurchase the relevant Loans and their Related Security from the Securitisation Issuers on the Issue Date. Legal title to the Loans comprising the Mortgage Pool has been held by KMC since the Migration Date.

Within the Target Mortgage Pool, the Loans (other than the Ineligible Loans) were originated in the following proportions by the Originators as at the Target Pool Cut-Off Date:

Originator	% Current Balance
GE Money Home Lending Limited	80.35
igroup Mortgage Limited	15.83
GE Money Mortgages Limited (formerly igroup Mortgages Limited)	2.52
GE Money Home Finance Limited (formerly First National Home Finance Limited)	0.96
First National Home Finance Limited	0.21
Ocwen Limited	0.10
igroup2 Limited	0.02
J & J Securities Limited	0.00
First Alliance Mortgage Company Limited	0.00
City Mortgage Corporation Limited	0.00
Home Funding Corporation Limited	0.00
Aintree Equity Finance Limited	0.00

An overview of the portfolio of Loans within the Target Mortgage Pool is set out below. The Target Mortgage Pool is as of 15 June 2019:

Aggregate Current Balance	2,518,749,257
Number of Loans	28,297
Average Current Balance	89,011.18
Weighted average current Indexed Loan to Value Ratio (based on Nationwide Index)	57.49
Weighted average term to maturity (years)	10.79

Characteristics of the Loans include:

- The Loans were originated during the period from July 1987 to February 2016;

- No Loan is scheduled to be repaid in full later than 5 February 2051;
- Repayment terms under each type of mortgage loan differ according to the repayment type (see Table 9 "*Distribution of Loans by Repayment Method*" under "Provisional Mortgage Portfolio as at June 15, 2019 (The "Target Pool Cut-Off Date")". The following repayment types are included in the Target Mortgage Pool:
 - Repayment Loans; the Borrower makes monthly payments of both interest and principal so that, at the end of the mortgage term, the Borrower will have repaid the full amount of the principal of the Loan;
 - Interest Only Loans; the Borrower makes monthly payments of interest but not of principal; at the end of the mortgage term, the entire principal amount of the Loan is still outstanding and the Borrower must repay that amount in one lump sum or by way of regular payments. An Interest Only Loan may include a repayment plan or vehicle, including an endowment, pension policy or managed investment plan, share portfolio plan or sale of the relevant Property;
 - Part and Part Loans; monthly payments in respect of Part and Part Loans are comprised of the interest due on both portions of the Loan and the principal repayable on the portion in respect of which the Borrower is required to pay both interest and principal. The principal amount relating to the portion in respect of which the Borrower is required to pay interest only is repayable at maturity; and
 - No security is taken over investment plans.
- Over-payments and under-payments: A Borrower may make over-payments or may repay the entire Current Balance under its Loan at any time. In some circumstances the Borrower may incur an early repayment charge. Any over-payment reduces the Current Balance of the Loan and will result in the reduction in the amount of interest payable by the relevant Borrower. A Borrower may, subject to satisfaction of certain conditions, request a Redraw or Payment Holiday.
- Each Loan is secured by a first ranking legal mortgage, charge or, as applicable, standard security, over a Property situated in England, Wales, Northern Ireland and Scotland.
 - The Property may be a house (detached or semi-detached), flat/apartment or bungalow or a property for commercial use or partial commercial use. The majority of the Properties (approximately 88.11 per cent. by Current Balance of the Loans in the Target Mortgage Pool⁶) are houses.
 - The Properties are situated across England, Wales, Northern Ireland and Scotland with the largest concentrations in the North West of England (13.02 per cent. by Current Balance of the Loans in the Target Mortgage Pool) and the smallest concentration being in East Anglia (2.99 per cent. by Current Balance of the Loans in the Target Mortgage Pool).
- Except in the case of 1.18 per cent. by Current Balance of the Loans in the Target Mortgage Pool for which the Borrower is a company, each Borrower is a natural person and was aged at least 18 years at the date that he or she executed the relevant Mortgage.
- No self-certified Loan in the Mortgage Pool was originated on or after 20 March 2014.
- No Loan is an equity release loan.
- The terms and conditions of the Loans do not provide for the relevant legal title-holder to be required to provide any further advances to the Borrowers (other than a Redraw).
- Each Loan will be either an owner occupied loan (approximately 96.33 per cent. by Current Balance of the Loans in the Target Mortgage Pool) or a Buy-to-Let Loan (approximately 3.66 per cent. by Current Balance of the Loans in the Target Mortgage Pool):

⁶ Loan parts which do not have data for this field are not considered to have this characteristic for computation purposes.

- owner occupied loans; the Property is purchased by the Borrower and is expected to be occupied by the Borrower; and
- Buy-to-Let Loans: the Property is purchased by the Borrower and expected to be occupied by tenants.
- Each Loan will be either:
 - a Fixed Rate Mortgage (approximately 0.01 per cent. by Current Balance of the Loans in the Target Mortgage Pool) under which for a fixed period or periods the rate of interest payable by the Borrower is at a fixed rate or a series of fixed rates (being, during each such period, a "**Fixed Rate Mortgage**"). After the fixed rate period, the Loan will revert to a Non-Tracker Variable Rate Mortgage or a BBBR Mortgage. The fixed rate periods of the loans finish no later than 18 December 2018 (other than in the case of Fixed for Life Mortgages);
 - a BBR Mortgage (approximately 0.38 per cent. by Current Balance of the Loans in the Target Mortgage Pool) under which the Borrower is required to pay a fixed rate of interest over the BBR;
 - a BBBR Mortgage (approximately 97.79 per cent. by Current Balance of the Loans in the Target Mortgage Pool) under which the Borrower is required to pay a fixed margin over the BBBR;
 - a Fixed for Life Mortgage (approximately 0.01 per cent. by Current Balance of the Loans in the Target Mortgage Pool) under which the rate of interest payable by the Borrower is a fixed rate or a series of fixed rates, and which is fixed for the life of the loan;
 - a Non-Tracker Variable Rate Mortgage (approximately 0.58 per cent. by Current Balance of the Loans in the Target Mortgage Pool) under which the Borrower is required to pay a variable rate of interest as determined by the Legal Title-Holder from time to time. There are different Non-Tracker Variable Rate Mortgages products in the Target Mortgage Pool, depending on which Originator originated the relevant Loan; or
 - a Natwest Mortgage; under which the Borrower is required to pay a fixed margin over a Natwest variable rate (which is set by reference to the BBR);
- Interest rate setting:
 - In relation to the BBBR Mortgages, BBBR has in the past typically followed the Bank of England base rate but it is not guaranteed to do so. The Bank of England base rate can go up or down and is announced by the Bank of England's Monetary Policy Committee every month. These Bank of England Monetary Policy Committee announcements will determine the rate of interest under the BBR Mortgages. The Bank of England also has the ability to change the Bank of England base rate at other times. LIBOR is a daily interest rate determined by the average of the estimates provided by each of the leading banks in London regarding the rate it would achieve were it to borrow from the other banks. In relation to Non-Tracker Variable Rate Mortgages, where interest is charged by reference to the relevant Originator's SVR, such rate may change from time to time based on rules outlined in the terms and conditions of the Non-Tracker Variable Rate Mortgages.
 - In certain cases, a change in interest rate will take effect from the relevant Borrower's monthly payment date.
 - In certain cases, changes in monthly payments require a minimum of 14 days' prior notice.
- Payment methods: All payments on the Loans must be made in sterling and the majority of the payments are made by direct debit (DDR) instruction from a bank or building society account.
- Insurance obligations of the Borrowers: The terms and conditions of the Loans require the Borrowers to maintain buildings insurance (save in the case of one set of terms and conditions which require the lender to maintain buildings insurance). The Seller understands that insurance would have been confirmed at the

time of origination of a loan and that the Originators would have reminded the Borrowers of their obligations in respect of insurance on an ongoing basis. The Mortgage Administrator will do likewise.

- Valuation: At the time of origination of the relevant Loan, a majority of valuations of the relevant Property were undertaken by a valuer approved by the relevant Originator; and a small number of valuations were undertaken by an automated valuation model or a drive-by valuation was obtained.
- The maximum loan size at origination was £1,234,406.
- The Borrower's income may be either:
 - verified (approximately 69.62 per cent. by Current Balance of the Loans in the Target Mortgage Pool): the income and employment details of the relevant Borrower are substantiated prior to origination through the provision of supporting documentation; or
 - self certified (approximately 28.98 per cent. by Current Balance of the Loans in the Target Mortgage Pool): the income and employment details of the relevant Borrower are not substantiated prior to origination by supporting documentation.⁷
- The underwriting criteria of the Originators at the time of origination of the Loans allowed for some level of impaired credit history of the Borrowers. Approximately 1.43 per cent. by Current Balance of the Loans⁸ in the Target Mortgage Pool are to Borrowers that have been subject to a bankruptcy agreement or IVA at the time of origination.
- A number of the sample offer letters provided indicate that the lender offered payment protection insurance to Borrowers. It is not possible to identify from the sample provided whether the Borrowers accepted this offer of payment protection insurance or not.

⁷ All self-certified loans were originated prior to March 20, 2014.

⁸ Loan parts which do not have data for this field are not considered to have this characteristic for computation purposes.

CHARACTERISTICS OF THE TARGET MORTGAGE POOL

The statistical and other information contained in this Prospectus has largely been compiled by reference to Loans (other than the Ineligible Loans) in the Mortgage Pool as at 15 June 2019 (the "**Target Pool Cut-Off Date**"). The Target Mortgage Pool has the aggregate characteristics indicated in the tables below.

The information contained in these tables has been extracted from information provided by the Mortgage Administrator (which information has been subject to rounding and therefore columns of percentages may not add up to 100 per cent.). None of the information provided in such section have been the subject of an audit. In particular, information relating to Bankruptcy Orders or IVAs or equivalent proceedings or orders in Scotland and Northern Ireland has not been subject to due diligence by means of an agreed upon procedure or other similar examination. The Mortgage Administrator is not providing any representations or warranties in respect of this information.

Each of the Arranger and the Joint Lead Managers are entitled to assume that all information provided to them by the Mortgage Administrator for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information' save that the Mortgage Administrator will be required to advise the Joint Lead Managers if they have not been provided with any of those figures which it is required to provide.

Further information in respect of anonymised individual loan level data may be obtained on the following website: <https://euroabs.com/>. For the avoidance of doubt, this website and the contents thereof are not incorporated in and do not form part of this Prospectus.

Any Redraw made between the Cut-Off Date and the Issue Date shall be treated as part of the Loans in the Completion Mortgage Pool and the beneficial interest in any increased Loan and its Related Security arising as a result of such Redraw shall vest automatically in the Issuer on the Issue Date or, if the Redraw is made after the Issue Date, immediately on the date on which such Redraw is made (and the Seller or the Legal Title-Holder, as applicable, shall enter into such deeds or agreements as may be required for the foregoing purposes). A Loan will be removed from the Mortgage Pool if, in the period from (and including) the Target Pool Cut-Off Date up to (but excluding) the date on which the Completion Mortgage Pool is confirmed, such Loan does not comply with the Warranties given in respect of the Loans in the Mortgage Pool.

PROVISIONAL MORTGAGE PORTFOLIO AS AT JUNE 15, 2019 (THE "TARGET POOL CUT-OFF DATE")

Table 1: Summary

Summary Characteristics

Current Outstanding Balance	2,518,749,257.01
No. of Loan Parts	28,297
No. of Properties	28,270
Weighted Average Original LTV	81.11%
Weighted Average Current Indexed LTV (Nationwide)	57.49%
Average Current Balance	89,011.18
Weighted Average Interest Rate	3.32%
Weighted Average Stabilised Margin	2.50%
Weighted Average Seasoning (Months)	152.84
Weighted Average Term to Maturity (Years)	10.79
Self-Certified ⁽¹⁾	28.98%
Self Employed ⁽¹⁾	31.65%
Buy-To-Let	3.66%
Bankruptcy/IVA	1.43%
Largest Loan Current Balance	1,234,405.50
Interest Only Loans	64.49
Flexible Loans	0.14%
1.01 – 2 Months in Arrears (%)	4.41%
2.01 – 3 Months in Arrears (%)	2.76%
Greater than 3 Months in Arrears (%)	6.70%

Note:

- (1) Loan parts which do not have data for this field are not considered to have this characteristic for summary strats computation purposes.

Table 2: Distribution of Loans by Current Balances as at the Cut-Off Date

The following table shows the range of outstanding Current Balances of Loans in the Provisional Mortgage Portfolio as at the Initial Cut-Off Date.

Range of Current Balance (£)	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
<= 50,000	9,161	32.37	269,867,492	10.71
50,001 to 100,000	9,293	32.84	679,580,123	26.98
100,001 to 150,000	5,631	19.90	690,322,134	27.41
150,001 to 200,000	2,460	8.69	420,334,467	16.69
200,001 to 250,000	1,047	3.70	232,086,640	9.21
250,001 to 300,000	396	1.40	107,102,173	4.25
300,001 to 350,000	154	0.54	49,533,679	1.97
350,001 to 400,000	70	0.25	26,053,845	1.03
400,001 to 450,000	38	0.13	16,055,161	0.64
450,001 >=	47	0.17	27,813,543	1.10
Total:	28,297	100.00	2,518,749,257	100.00
Average	89,011.18			
Minimum	0.42			
Maximum	1,234,405.50			

Table 3: Distribution of Loans by Loan to Value Ratio (Original Loan to Value)

Original LTV (%)	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
0.00 to 10.00	18	0.06	320,960	0.01
10.01 to 20.00	123	0.43	2,680,143	0.11
20.01 to 30.00	315	1.11	9,001,826	0.36
30.01 to 40.00	656	2.32	28,131,177	1.12
40.01 to 50.00	1,278	4.52	67,416,607	2.68
50.01 to 60.00	2,609	9.22	173,496,280	6.89
60.01 to 70.00	3,428	12.11	261,172,488	10.37
70.01 to 80.00	5,664	20.02	492,324,440	19.55
80.01 to 90.00	7,470	26.40	714,684,188	28.37
90.01 to 100.00	5,797	20.49	663,356,293	26.34
100.01 >=	939	3.32	106,164,855	4.21
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	81.11			
Minimum (Non-Zero)	1.67			
Maximum	285.71			

Table 4: Distribution of Loans by Loan to Value Ratio (Current Loan to Value)

Current LTV (%)	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
0.00 to 10.00	1,035	3.66	8,304,038	0.33
10.01 to 20.00	1,607	5.68	36,604,803	1.45
20.01 to 30.00	2,455	8.68	91,160,321	3.62
30.01 to 40.00	3,113	11.00	154,983,726	6.15
40.01 to 50.00	3,803	13.44	246,921,488	9.80
50.01 to 60.00	3,607	12.75	298,537,440	11.85
60.01 to 70.00	2,588	9.15	280,364,211	11.13
70.01 to 80.00	2,571	9.09	329,856,323	13.10
80.01 to 90.00	3,016	10.66	435,263,254	17.28
90.01 to 100.00	3,546	12.53	508,225,000	20.18
100.01 >=	956	3.38	128,528,652	5.10
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	70.65			
Minimum (Non-Zero)	0.01			
Maximum	181.63			

Table 5: Distribution of Loans by Current Indexed Loan to Value as at the Initial Cut-Off Date

The following table shows the range of indexed LTV ratios, which are calculated by dividing the aggregate Current Balance of a Loan (including any further advances) as at the Initial Cut-Off Date by the indexed valuation of the Property relating to such Loan calculated based on Nationwide Index as of March 31, 2019.

Current Indexed LTV (%)	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
0.00 to 10.00	1,641	5.80	22,316,807	0.89
10.01 to 20.00	2,669	9.43	93,788,125	3.72
20.01 to 30.00	3,482	12.31	195,905,117	7.78
30.01 to 40.00	4,045	14.29	298,471,884	11.85
40.01 to 50.00	4,130	14.60	392,273,834	15.57

50.01 to 60.00	3,535	12.49	399,307,921	15.85
60.01 to 70.00	2,723	9.62	341,617,468	13.56
70.01 to 80.00	2,304	8.14	294,485,885	11.69
80.01 to 90.00	2,006	7.09	253,971,874	10.08
90.01 to 100.00	1,392	4.92	175,912,409	6.98
100.01 >=	370	1.31	50,697,933	2.01
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	57.49			
Minimum (Non-Zero)	0.02			
Maximum	158.88			

Table 6: Distribution of Loans by Original Balance

Range of Original Balance (£)	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
0	1	0.00	12,020	0.00
1 to 50,000	2,161	7.64	40,788,308	1.62
50,001 to 100,000	11,163	39.45	567,529,824	22.53
100,001 to 150,000	9,019	31.87	862,983,232	34.26
150,001 to 200,000	3,673	12.98	524,775,774	20.83
200,001 to 250,000	1,438	5.08	276,108,326	10.96
250,001 to 300,000	479	1.69	117,258,537	4.66
300,001 to 350,000	187	0.66	54,802,892	2.18
350,001 to 400,000	76	0.27	26,617,094	1.06
400,001 to 450,000	45	0.16	17,840,147	0.71
450,001 >=	55	0.19	30,033,102	1.19
Total:	28,297	100.00	2,518,749,257	100.00
Average	114,917.50			
Minimum	0.00			
Maximum	1,235,000.00			

Table 7: Distribution of Loans by Remaining Time to Maturity

Remaining Time to Maturity (Years)	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
<= 0.00	249	0.88	23,886,900	0.95
0.01 to 5.00	4,412	15.59	281,002,905	11.16
5.01 to 10.00	8,750	30.92	709,441,468	28.17
10.01 to 15.00	11,252	39.76	1,127,736,493	44.77
15.01 to 20.00	3,290	11.63	336,245,513	13.35
20.01 to 25.00	280	0.99	32,081,021	1.27
25.01 to 30.00	47	0.17	5,965,097	0.24
30.01 to 35.00	17	0.06	2,389,861	0.09
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	10.79			
Minimum	0.00			
Maximum	31.73			

Table 8: Distribution of Loans by Seasoning

The following table shows the number of months since the date of origination of the Loans in the Provisional Mortgage Portfolio as at the Initial Cut-Off Date. The figures in the following table have been calculated on the basis of the Loans in the Provisional Mortgage Portfolio.

Months since Origination	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
<= 84	204	0.72	24,695,945	0.98

85 to 96	34	0.12	3,072,489	0.12
97 to 108	15	0.05	1,619,381	0.06
109 to 120	2	0.01	134,162	0.01
121 to 132	1,868	6.60	178,125,381	7.07
133 to 144	6,880	24.31	685,830,032	27.23
145 to 156	8,576	30.31	821,190,363	32.60
157 to 168	3,703	13.09	299,296,910	11.88
169 to 180	3,228	11.41	241,657,845	9.59
181 >=	3,787	13.38	263,126,749	10.45
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	152.84			
Minimum	39.00			
Maximum	372.00			

Table 9: Distribution of Loans by Repayment Method

Repayment Method	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Interest Only	11,812	41.74	1,624,220,799	64.49
Repayment	15,608	55.16	809,388,371	32.13
Part & Part	877	3.10	85,140,087	3.38
Total:	28,297	100.00	2,518,749,257	100.00

Table 10: Distribution of Loans by Rate Type

Rate Type	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Floating	28,289	99.97	2,518,466,970	99.99
Fixed	8	0.03	282,287	0.01
Total:	28,297	100.00	2,518,749,257	100.00

Table 11: Distribution of Loans by Current Interest Product Type

Current Interest Product Type	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Barclays Bank Base Rate (tracks Bank of England Base Rate)	27,348	96.65	2,463,100,914	97.79
KMBR	246	0.87	28,723,376	1.14
SVR	448	1.58	12,547,150	0.50
Bank of England Base Rate	120	0.42	9,475,673	0.38
Natwest (tracks Bank of England Base Rate)	83	0.29	2,564,020	0.10
SCVR	31	0.11	1,831,849	0.07
Fixed For Life	8	0.03	282,287	0.01
MBS – SCVR	7	0.02	147,250	0.01
FNB	2	0.01	43,012	0.00
MBS – SVR	3	0.01	30,029	0.00
LOMBARD	1	0.00	3,697	0.00
Total:	28,297	100.00	2,518,749,257	100.00

Table 12: Distribution of Loans by Reversionary Interest Product Type

Reversionary Interest Product Type	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Barclays Bank Base Rate	27,348	96.65	2,463,100,914	97.79

(tracks Bank of England Base Rate)				
KMBR	246	0.87	28,723,376	1.14
SVR	448	1.58	12,547,150	0.50
Bank of England Base Rate	120	0.42	9,475,673	0.38
Natwest (tracks Bank of England Base Rate)	83	0.29	2,564,020	0.10
SCVR	31	0.11	1,831,849	0.07
Fixed For Life	8	0.03	282,287	0.01
MBS – SCVR	7	0.02	147,250	0.01
FNB	2	0.01	43,012	0.00
MBS – SVR	3	0.01	30,029	0.00
LOMBARD	1	0.00	3,697	0.00
Total:	28,297	100.00	2,518,749,257	100.00

Table 13: Fixed Rate Revision Year

Fixed Rate Revision Year	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Fixed for Life	8	100.00	282,287	100.00
Total:	8	100.00	282,287	100.00

Table 14: Distribution of Loans by Interest Rate

Interest Rate	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
0	25	0.09	1,255,472	0.05
1.01 to 1.50	294	1.04	30,033,605	1.19
1.51 to 2.00	888	3.14	78,829,825	3.13
2.01 to 2.50	4,467	15.79	322,485,152	12.80
2.51 to 3.00	6,623	23.41	548,974,508	21.80
3.01 to 3.50	6,499	22.97	636,959,336	25.29
3.51 to 4.00	4,867	17.20	497,003,828	19.73
4.01 to 4.50	2,125	7.51	198,163,877	7.87
4.51 to 5.00	1,211	4.28	123,211,220	4.89
5.01 to 5.50	446	1.58	39,535,922	1.57
5.51 to 6.00	220	0.78	17,250,165	0.68
6.01 to 6.50	514	1.82	17,546,074	0.70
6.51 to 7.00	83	0.29	4,972,890	0.20
7.01 to 7.50	10	0.04	999,309	0.04
7.51 >=	25	0.09	1,528,074	0.06
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	3.32			
Minimum	0.00			
Maximum	10.84			

Table 15: Distribution of Loans by Stabilised Margin

Stabilised Margin	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
<= 0.00	535	1.89	23,213,181	0.92
0.01 to 0.50	31	0.11	2,924,010	0.12
0.51 to 1.00	616	2.18	51,422,377	2.04
1.01 to 1.50	2,182	7.71	180,516,258	7.17
1.51 to 2.00	6,203	21.92	469,137,222	18.63
2.01 to 2.50	7,814	27.61	719,300,410	28.56
2.51 to 3.00	4,859	17.17	488,136,659	19.38

3.01 to 3.50	2,955	10.44	290,503,007	11.53
3.51 to 4.00	2,036	7.20	204,309,463	8.11
4.01 to 4.50	586	2.07	54,502,942	2.16
4.51 to 5.00	258	0.91	19,035,439	0.76
5.01 to 5.50	115	0.41	8,529,860	0.34
5.51 to 6.00	61	0.22	3,781,920	0.15
6.01 to 6.50	20	0.07	1,762,701	0.07
6.51 to 7.00	2	0.01	261,644	0.01
7.01 to 7.50	2	0.01	66,558	0.00
7.51 >=	22	0.08	1,345,608	0.05
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	2.50			
Minimum	-2.00			
Maximum	10.09			

Table 16: Flexible Loans

	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Flexible Loans				
Not Flexible Loan	28,224	99.74	2,515,185,953	99.86
Flexible Loan	73	0.26	3,563,304	0.14
Total:	28,297	100.00	2,518,749,257	100.00

Table 17: Distribution of Loans by Number of Months in Arrear

Months in Arrear	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
<= 1.00	24,589	86.90	2,169,400,033	86.13
1.01 to 2.00	1,232	4.35	111,072,573	4.41
2.01 to 3.00	745	2.63	69,561,672	2.76
3.01 >=	1,731	6.12	168,714,978	6.70
Total:	28,297	100.00	2,518,749,257	100.00
Weighted Average	0.83			
Minimum	0.00			
Maximum	144.38			

Table 18: Distribution of Loans by Primary Borrower's Income Verification

Primary Borrower's Income Verification	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Verified	20,522	72.52	1,753,497,619	69.62
Self Certified	6,976	24.65	729,873,568	28.98
Not Available	791	2.80	34,724,589	1.38
Other	8	0.03	653,482	0.03
Total:	28,297	100.00	2,518,749,257	100.00

Table 19: Distribution of Loans by Primary Borrower's Employment Status

Primary Borrower's Employment Status	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Employed	19,909	70.36	1,686,101,797	66.94
Self Employed	7,589	26.82	797,269,389	31.65
Not Available	791	2.80	34,724,589	1.38
Other	8	0.03	653,482	0.03
Total:	28,297	100.00	2,518,749,257	100.00

Table 20: Distribution of Loans by Bankruptcy/IVA Credit History

Bankruptcy/IVA Credit History	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
No	27,269	96.37	2,458,557,944	97.61
Yes	416	1.47	36,112,653	1.43
Not Available	612	2.16	24,078,660	0.96
Total:	28,297	100.00	2,518,749,257	100.00

Table 21: Distribution of Loans by Loan Purpose

Loan Purpose	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Re-mortgage	18,865	66.67	1,577,367,666	62.63
Purchase	6,212	21.95	719,353,120	28.56
Right to Buy	1,574	5.56	80,298,113	3.19
Other	786	2.78	63,622,944	2.53
Investment Mortgage	450	1.59	54,072,397	2.15
Debt Consolidation	314	1.11	17,226,807	0.68
Re-mortgage with Equity				
Release	29	0.10	3,811,551	0.15
Renovation	63	0.22	2,907,440	0.12
Not Available	4	0.01	89,220	0.00
Total:	28,297	100.00	2,518,749,257	100.00

Table 22: Distribution of Loans by Property Type

Property Type	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
House, Detached or Semi-detached	25,333	89.53	2,219,273,100	88.11
Flat/Apartment	1,560	5.51	145,850,009	5.79
Bungalow	1,160	4.10	122,090,492	4.85
Commercial Use	68	0.24	16,187,939	0.64
Partial Commercial Use	140	0.49	13,576,813	0.54
Not Available	36	0.13	1,770,904	0.07
Total:	28,297	100.00	2,518,749,257	100.00

Table 23: Distribution of Loans by Region

Regions	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
North West	4,107	14.51	327,995,764	13.02
Greater London	2,297	8.12	310,893,752	12.34
Outer Metropolitan	1,946	6.88	247,022,563	9.81
Yorkshire & Humber	3,076	10.87	227,770,833	9.04
West Midlands	2,858	10.10	225,787,030	8.96
Outer South East	1,933	6.83	214,762,785	8.53
East Midlands	2,371	8.38	191,817,064	7.62
South West	1,758	6.21	182,616,681	7.25
Scotland	2,234	7.89	151,890,504	6.03
North	1,971	6.97	137,150,880	5.45
Wales	1,702	6.01	128,797,987	5.11
Northern Ireland	1,212	4.28	96,923,589	3.85
East Anglia	832	2.94	75,319,824	2.99
Total:	28,297	100.00	2,518,749,257	100.00

Table 24: Distribution of Loans by Ownership Type

The following tables show information in relation to the Ownership Type in respect of the Loans in the Provisional Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Loans in the Provisional Mortgage Portfolio.

Ownership Type	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
Owner-occupied	27,483	97.12	2,426,395,274	96.33
Non-owner-occupied/buy-to-let	810	2.86	92,160,092	3.66
Not Available	4	0.01	193,891	0.01
Total:	28,297	100.00	2,518,749,257	100.00

Table 25: Distribution of Loans by Originator

Originator	No of Mortgage Loan Parts	% of Mortgage Loan Parts	Current Balance	% Current Balance
GE Money Home Lending Limited	21,922	77.47	2,023,855,974	80.35
igroup Mortgages Limited	5,148	18.19	398,722,449	15.83
GE Money Mortgages Limited	413	1.46	63,453,720	2.52
GE Money Home Finance Limited	612	2.16	24,078,660	0.96
First National Home Finance Ltd	87	0.31	5,245,001	0.21
Ocwen Limited	84	0.30	2,636,246	0.10
igroup2 limited	25	0.09	566,255	0.02
J & J Securities Ltd	2	0.01	100,850	0.00
Aintree Equity Finance Ltd	1	0.00	50,372	0.00
First Alliance	1	0.00	26,792	0.00
Home Funding Corporation Ltd.	1	0.00	7,659	0.00
City Mortgage Corporation Limited	1	0.00	5,278	0.00
Total:	28,297	100.00	2,518,749,257	100.00

Delinquency

The following table summarises the arrears experience of all Loans in the Acquisition Mortgage Pool (except for less than 200 Loans primarily originated on or after 30 June 2015) across a nine-year period, being the ratio (expressed as a percentage) (i) of the number of Loans in arrears divided by the total number of outstanding Loans in the Target Mortgage Pool and (ii) by Current Balance in respect of Loans in arrears divided by the total Current Balance of Loans in the Target Mortgage Pool. Before June 2015, delinquencies are calculated using DPD (days past due) and on and after June 2015 using MIA (months in arrears). MIA is calculated as an arrears balance divided by monthly payments due. The figures on dates subsequent to the Cut-Off Date exclude any accounts which had a balance less than or equal to zero on the date.

Notes in respect of the table below:

* Change in cut-off following migration of new Servicer

** Change in arrears reporting to MIA

*** The arrears figures for the mortgages with a rate of interests linked to the BBR, BBBR or NatWest were affected by the reduction in BBR in August 2016

These are small numbers of loan parts (0.5% of the portfolio) which were not included in the delinquency tables post-migration.

By loan count	30+ Arrears (%)	91+ Arrears (%)	By balance	30+ Arrears (%)	91+ Arrears (%)
Jun-19	13.11%	6.12%	Jun-19	13.87%	6.70%
May-19	12.94%	6.04%	May-19	13.62%	6.57%
Apr-19	12.94%	6.03%	Apr-19	13.55%	6.58%
Mar-19	12.89%	5.96%	Mar-19	13.40%	6.49%
Feb-19	12.87%	5.87%	Feb-19	13.45%	6.41%
Jan-19	13.13%	5.87%	Jan-19	13.69%	6.39%
Dec-18	12.44%	5.53%	Dec-18	13.00%	5.97%
Nov-18	11.91%	5.29%	Nov-18	12.53%	5.69%
Oct-18	11.88%	5.24%	Oct-18	12.51%	5.67%
Sep-18	11.64%	5.24%	Sep-18	12.18%	5.66%
Aug-18	11.52%	5.25%	Aug-18	12.05%	5.67%
Jul-18	11.89%	5.34%	Jul-18	12.19%	5.72%
Jun-18	11.51%	5.17%	Jun-18	11.84%	5.48%
May-18	11.41%	5.09%	May-18	11.74%	5.37%
Apr-18	11.54%	5.18%	Apr-18	11.82%	5.39%
Mar-18	11.26%	5.06%	Mar-18	11.44%	5.28%
Feb-18	11.00%	4.85%	Feb-18	11.14%	5.05%
Jan-18	10.96%	4.81%	Jan-18	11.12%	5.06%
Dec-17	10.53%	4.67%	Dec-17	10.75%	4.89%
Nov-17	10.27%	4.58%	Nov-17	10.50%	4.84%
Oct-17	10.40%	4.56%	Oct-17	10.66%	4.85%
Sep-17	10.23%	4.44%	Sep-17	10.49%	4.71%
Aug-17	10.20%	4.48%	Aug-17	10.41%	4.73%
Jul-17	10.33%	4.45%	Jul-17	10.56%	4.73%
Jun-17	10.08%	4.32%	Jun-17	10.27%	4.52%
May-17	10.05%	4.28%	May-17	10.32%	4.52%
Apr-17	10.09%	4.26%	Apr-17	10.29%	4.51%
Mar-17	9.99%	4.10%	Mar-17	10.26%	4.35%
Feb-17	9.89%	3.97%	Feb-17	10.25%	4.28%
Jan-17	10.09%	4.00%	Jan-17	10.50%	4.35%
Dec-16	9.45%	3.67%	Dec-16	9.88%	4.01%
Nov-16	9.28%	3.67%	Nov-16	9.75%	3.99%
Oct-16	9.50%	3.64%	Oct-16	9.97%	3.92%
Sep-16***	8.89%	3.25%	Sep-16	9.27%	3.50%
Aug-16	8.58%	3.06%	Aug-16	8.96%	3.35%
Jul-16	8.20%	2.74%	Jul-16	8.62%	3.00%
Jun-16	8.25%	2.45%	Jun-16	8.69%	2.65%
May-16*	8.15%	2.17%	May-16	8.56%	2.37%
Apr-16	8.66%	2.28%	Apr-16	9.01%	2.48%
Mar-16	8.90%	2.19%	Mar-16	9.18%	2.39%
Feb-16	8.98%	2.04%	Feb-16	9.29%	2.22%
Jan-16	9.11%	2.15%	Jan-16	9.37%	2.30%
Dec-15	8.80%	1.95%	Dec-15	9.12%	2.05%
Nov-15	8.22%	1.82%	Nov-15	8.44%	1.93%
Oct-15	8.31%	1.76%	Oct-15	8.50%	1.86%
Sep-15	8.43%	1.70%	Sep-15	8.61%	1.85%
Aug-15	9.14%	1.59%	Aug-15	9.34%	1.72%
Jul-15**	8.56%	1.41%	Jul-15	8.73%	1.53%
Jun-15	8.55%	1.34%	Jun-15	8.68%	1.45%
May-15	9.22%	1.31%	May-15	9.32%	1.46%
Apr-15	10.92%	1.27%	Apr-15	11.10%	1.41%
Mar-15	10.93%	1.15%	Mar-15	11.07%	1.31%
Feb-15	12.27%	1.07%	Feb-15	12.43%	1.17%
Jan-15	12.41%	0.81%	Jan-15	12.57%	0.91%
Dec-14	13.98%	0.60%	Dec-14	14.03%	0.67%
Nov-14	13.77%	0.91%	Nov-14	13.92%	0.97%
Oct-14	13.23%	1.12%	Oct-14	13.36%	1.18%
Sep-14	13.81%	1.32%	Sep-14	13.86%	1.36%
Aug-14	14.31%	1.38%	Aug-14	14.48%	1.38%
Jul-14	14.24%	1.35%	Jul-14	14.34%	1.31%
Jun-14	14.30%	1.43%	Jun-14	14.48%	1.46%
May-14	14.20%	1.48%	May-14	14.42%	1.54%
Apr-14	14.74%	1.59%	Apr-14	14.94%	1.66%
Mar-14	14.74%	1.68%	Mar-14	14.88%	1.78%
Feb-14	15.64%	2.06%	Feb-14	15.93%	2.14%

By loan count	30+ Arrears (%)	91+ Arrears (%)	By balance	30+ Arrears (%)	91+ Arrears (%)
Jan-14	15.60%	2.11%	Jan-14	15.90%	2.20%
Dec-13	16.36%	2.23%	Dec-13	16.61%	2.35%
Nov-13	15.54%	2.12%	Nov-13	15.93%	2.23%
Oct-13	15.58%	2.12%	Oct-13	15.93%	2.30%
Sep-13	15.90%	2.34%	Sep-13	16.22%	2.50%
Aug-13	15.88%	2.33%	Aug-13	16.27%	2.45%
Jul-13	16.01%	2.37%	Jul-13	16.28%	2.53%
Jun-13	16.67%	2.61%	Jun-13	17.04%	2.84%
May-13	16.29%	2.59%	May-13	16.60%	2.82%
Apr-13	16.73%	2.71%	Apr-13	16.92%	2.92%
Mar-13	17.07%	2.76%	Mar-13	17.35%	2.99%
Feb-13	19.21%	3.19%	Feb-13	19.55%	3.44%
Jan-13	18.23%	3.00%	Jan-13	18.52%	3.26%
Dec-12	17.98%	2.79%	Dec-12	18.17%	3.01%
Nov-12	17.40%	2.77%	Nov-12	17.73%	2.97%
Oct-12	17.03%	2.66%	Oct-12	17.49%	2.82%
Sep-12	18.34%	2.99%	Sep-12	18.77%	3.20%
Aug-12	17.36%	2.88%	Aug-12	17.84%	3.08%
Jul-12	17.05%	2.90%	Jul-12	17.49%	3.06%
Jun-12	18.42%	3.26%	Jun-12	18.93%	3.46%
May-12	17.90%	3.19%	May-12	18.23%	3.33%
Apr-12	18.09%	3.22%	Apr-12	18.37%	3.37%
Mar-12	18.52%	3.37%	Mar-12	18.82%	3.46%
Feb-12	18.87%	3.53%	Feb-12	19.21%	3.70%
Jan-12	19.02%	3.37%	Jan-12	19.32%	3.51%
Dec-11	18.28%	3.15%	Dec-11	18.63%	3.25%
Nov-11	17.91%	3.15%	Nov-11	18.23%	3.31%
Oct-11	17.74%	3.26%	Oct-11	18.13%	3.37%
Sep-11	18.55%	3.50%	Sep-11	18.84%	3.66%
Aug-11	18.58%	3.47%	Aug-11	18.96%	3.68%
Jul-11	18.95%	3.59%	Jul-11	19.35%	3.82%
Jun-11	18.58%	3.59%	Jun-11	18.93%	3.78%
May-11	18.49%	3.77%	May-11	18.93%	3.99%
Apr-11	18.49%	3.76%	Apr-11	19.06%	3.99%
Mar-11	18.81%	3.74%	Mar-11	19.36%	4.01%
Feb-11	19.78%	4.08%	Feb-11	20.38%	4.39%
Jan-11	19.30%	4.14%	Jan-11	19.89%	4.38%
Dec-10	19.89%	3.86%	Dec-10	20.37%	4.17%
Nov-10	18.77%	3.69%	Nov-10	19.41%	4.06%
Oct-10	19.71%	4.12%	Oct-10	20.42%	4.57%
Sep-10	19.84%	4.37%	Sep-10	20.70%	4.87%
Aug-10	20.12%	4.57%	Aug-10	21.20%	5.13%
Jul-10	20.66%	4.84%	Jul-10	21.78%	5.39%
Jun-10	21.00%	4.88%	Jun-10	22.22%	5.45%
May-10	22.01%	5.09%	May-10	23.12%	5.70%
Apr-10	21.36%	5.02%	Apr-10	22.58%	5.64%
Mar-10	21.31%	4.89%	Mar-10	22.63%	5.53%
Feb-10	22.92%	5.11%	Feb-10	24.20%	5.78%
Jan-10	22.47%	5.01%	Jan-10	23.72%	5.67%
Dec-09	21.88%	4.58%	Dec-09	23.03%	5.14%
Nov-09	20.57%	4.39%	Nov-09	21.93%	4.99%
Oct-09	20.63%	4.63%	Oct-09	21.81%	5.15%
Sep-09	20.35%	4.87%	Sep-09	21.50%	5.37%
Aug-09	20.72%	5.21%	Aug-09	21.92%	5.72%
Jul-09	19.89%	5.37%	Jul-09	20.95%	5.73%
Jun-09	20.29%	5.74%	Jun-09	21.22%	6.12%
May-09	20.65%	5.68%	May-09	21.52%	6.09%
Apr-09	20.22%	5.50%	Apr-09	21.02%	5.86%
Mar-09	19.34%	4.78%	Mar-09	20.06%	5.01%
Feb-09	19.78%	4.84%	Feb-09	20.43%	5.05%
Jan-09	18.74%	4.23%	Jan-09	19.13%	4.29%
Dec-08	17.02%	3.26%	Dec-08	17.26%	3.25%
Nov-08	15.71%	2.45%	Nov-08	15.96%	2.44%
Oct-08	14.21%	2.00%	Oct-08	14.36%	1.91%
Sep-08	13.73%	1.95%	Sep-08	13.80%	1.87%
Aug-08	13.66%	1.97%	Aug-08	13.54%	1.92%

By loan count	30+ Arrears (%)	91+ Arrears (%)	By balance	30+ Arrears (%)	91+ Arrears (%)
Jul-08	12.48%	1.84%	Jul-08	12.39%	1.77%
Jun-08	12.44%	1.95%	Jun-08	12.33%	1.87%
May-08	12.72%	2.05%	May-08	12.55%	1.91%
Apr-08	12.47%	2.02%	Apr-08	12.16%	1.88%
Mar-08	12.37%	2.12%	Mar-08	12.00%	2.05%
Feb-08	12.02%	2.02%	Feb-08	11.57%	1.89%
Jan-08	12.88%	2.04%	Jan-08	12.38%	1.95%

CPR Historical Data

The following table summarises the historical prepayment rate of all Loans in the Acquisition Mortgage Pool (except for approximately 200 Loans primarily originated on or after 30 June 2015) from July 2015 to June 2019. For the avoidance of doubt, CPR includes only voluntary or term redemptions and excludes redemptions related to sales of repossessed properties and partial repayments.

Notes in respect of the table below:

* CPR for the period 30/04/2016 – 15/5/2016 has been annualised using a daycount adjustment. This is as follows:
 $((\text{Days between 30/4/2016 to 15/5/2016}) * 12) / 365$

Date:	CPR
Jul-15	5.37%
Aug-15	5.77%
Sep-15	5.68%
Oct-15	6.76%
Nov-15	6.34%
Dec-15	6.31%
Jan-16	4.11%
Feb-16	6.25%
Mar-16	6.70%
Apr-16	7.10%
May-16*	5.36%
Jun-16	5.05%
Jul-16	5.47%
Aug-16	7.20%
Sep-16	7.72%
Oct-16	7.13%
Nov-16	7.36%
Dec-16	7.83%
Jan-17	5.52%
Feb-17	6.75%
Mar-17	6.78%
Apr-17	7.34%
May-17	7.81%
Jun-17	8.39%
Jul-17	7.92%
Aug-17	8.78%
Sep-17	6.47%
Oct-17	7.49%
Nov-17	7.87%
Dec-17	9.20%
Jan-18	5.53%
Feb-18	7.17%
Mar-18	7.30%
Apr-18	6.93%
May-18	7.79%
Jun-18	8.89%
Jul-18	7.76%
Aug-18	8.50%
Sep-18	8.48%
Oct-18	8.35%
Nov-18	8.92%
Dec-18	9.33%

Date:	CPR
Jan-19	5.81%
Feb-19	7.62%
Mar-19	6.78%
Apr-19	8.45%
May-19	6.95%
Jun-19	8.54%

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

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

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

Arrears and Repossession Rates for UK Total Mortgages

The table below sets out the repossession and arrears rates of residential properties in the United Kingdom since 2011.

Period	Number of Mortgages outstanding at end of period	> 3 months arrears rate at end of period (% of all loans)	Properties in repossession at end of period (% of all loans)
2011 Q1	11,454,000	2.12	0.12
2011 Q2	11,437,000	2.10	0.13
2011 Q3	11,413,000	2.06	0.13
2011 Q4	11,384,000	1.98	0.12
2012 Q1	11,383,000	1.95	0.12
2012 Q2	11,364,000	1.93	0.12
2012 Q3	11,331,000	1.93	0.11
2012 Q4	11,284,000	1.91	0.10
2013 Q1	11,254,000	1.89	0.10
2013 Q2	11,234,000	1.82	0.09
2013 Q3	11,208,000	1.75	0.09
2013 Q4	11,186,000	1.68	0.08
2014 Q1	11,167,000	1.59	0.08
2014 Q2	11,221,000	1.47	0.07
2014 Q3	11,194,000	1.39	0.06
2014 Q4	11,147,000	1.30	0.06
2015 Q1	11,119,000	1.26	0.04
2015 Q2	11,113,000	1.19	0.04
2015 Q3	11,108,000	1.17	0.03
2015 Q4	11,111,000	1.12	0.03
2016 Q1	11,118,000	0.97	0.03
2016 Q2	11,078,000	0.94	0.03
2016 Q3	11,078,000	0.94	0.03
2016 Q4	11,064,000	0.93	0.03
2017 Q1	11,069,000	0.90	0.03
2017 Q2	11,036,000	0.88	0.03
2017 Q3	11,039,000	0.87	0.03
2017 Q4	10,999,000	0.82	0.03
2018 Q1	10,980,000	0.82	0.03

Period	Number of Mortgages outstanding at end of period	> 3 months arrears rate at end of period (% of all loans)	Properties in repossession at end of period (% of all loans)
2018 Q2.....	10,977,000	0.80	0.02
2018 Q3.....	10,958,000	0.79	0.02
2018 Q4.....	10,945,000	0.79	0.02

Source: Council of Mortgage Lenders.

Quarterly House Price Index

Period	UK Retail Price Index		Nationwide House Price Index (SA)⁽¹⁾	
	Index	% annual change	Index	% annual change
31 March 1996.....	150.9	2.8	103.5	0.5
30 June 1996.....	152.8	2.2	105.2	2.8
30 September 1996.....	153.1	2.1	107.1	5.2
31 December 1996.....	154	2.6	110.4	8.3
31 March 1997.....	154.9	2.7	112.4	8.6
30 June 1997.....	156.9	2.7	115.9	10.2
30 September 1997.....	158.4	3.5	120.4	12.5
31 December 1997.....	159.7	3.7	123.8	12.2
31 March 1998.....	160.2	3.4	126.6	12.7
30 June 1998.....	163.2	4.0	129.4	11.7
30 September 1998.....	163.7	3.3	131.5	9.2
31 December 1998.....	164.4	2.9	132.9	7.4
31 March 1999.....	163.7	2.2	135.7	7.2
30 June 1999.....	165.5	1.4	138.9	7.3
30 September 1999.....	165.6	1.2	143.2	9.0
31 December 1999.....	166.8	1.5	149.7	12.6
31 March 2000.....	167.5	2.3	156.3	15.2
30 June 2000.....	170.6	3.1	161.1	16.0
30 September 2000.....	170.9	3.2	160.1	11.8
31 December 2000.....	172	3.1	163.7	9.4
31 March 2001.....	171.8	2.6	169.0	8.2
30 June 2001.....	173.9	1.9	173.8	7.9
30 September 2001.....	174	1.8	180.1	12.4
31 December 2001.....	173.8	1.0	185.6	13.3
31 March 2002.....	173.9	1.2	192.1	13.7
30 June 2002.....	176	1.2	205.1	18.1
30 September 2002.....	176.6	1.5	219.1	21.7

Period	UK Retail Price Index		Nationwide House Price Index (SA) ⁽¹⁾	
	Index	% annual change	Index	% annual change
31 December 2002	178.2	2.5	232.5	25.3
31 March 2003	179.2	3.0	241.9	25.9
30 June 2003	181.3	3.0	248.4	21.1
30 September 2003	181.8	2.9	256.6	17.1
31 December 2003	182.9	2.6	268.5	15.5
31 March 2004	183.8	2.6	280.4	15.9
30 June 2004	186.3	2.8	293.9	18.4
30 September 2004	187.4	3.1	303.8	18.4
31 December 2004	189.2	3.4	305.5	13.8
31 March 2005	189.7	3.2	308.0	9.8
30 June 2005	191.9	3.0	311.8	6.1
30 September 2005	192.6	2.8	312.4	2.8
31 December 2005	193.7	2.4	315.2	3.2
31 March 2006	194.2	2.4	323.0	4.9
30 June 2006	197.6	3.0	326.8	4.8
30 September 2006	199.3	3.5	334.0	6.9
31 December 2006	201.4	4.0	344.3	9.2
31 March 2007	203	4.5	353.9	9.5
30 June 2007	206.3	4.4	360.1	10.2
30 September 2007	207.1	3.9	365.1	9.3
31 December 2007	209.8	4.2	367.8	6.8
31 March 2008	211.1	4.0	361.9	2.3
30 June 2008	215.3	4.4	345.7	-4.0
30 September 2008	217.4	5.0	327.5	-10.3
31 December 2008	215.5	2.7	313.4	-14.8
31 March 2009	210.9	-0.1	302.4	-16.4
30 June 2009	212.6	-1.3	305.0	-11.8
30 September 2009	214.4	-1.4	317.3	-3.1
31 December 2009	216.9	0.6	324.0	3.4
31 March 2010	219.3	4.0	329.3	8.9
30 June 2010	223.5	5.1	333.8	9.4
30 September 2010	224.5	4.7	331.5	4.5
31 December 2010	227	4.7	325.9	0.6
31 March 2011	230.9	5.3	328.3	-0.3
30 June 2011	234.9	5.1	329.7	-1.2
30 September 2011	236.2	5.2	330.1	-0.4
31 December 2011	238.6	5.1	329.7	1.2
31 March 2012	239.6	3.8	328.8	0.2
30 June 2012	242.2	3.1	326.0	-1.1

Period	UK Retail Price Index		Nationwide House Price Index (SA) ⁽¹⁾	
	Index	% annual change	Index	% annual change
30 September 2012.....	243.1	2.9	325.0	-1.5
31 December 2012	246	3.1	326.0	-1.1
31 March 2013.....	247.4	3.3	329.2	0.1
30 June 2013.....	249.7	3.1	330.7	1.4
30 September 2013.....	250.9	3.2	339.1	4.3
31 December 2013	252.5	2.6	349.1	7.1
31 March 2014.....	253.9	2.6	359.3	9.1
30 June 2014.....	256	2.5	369.0	11.6
30 September 2014.....	256.9	2.4	374.7	10.5
31 December 2014	257.4	1.9	378.2	8.3
31 March 2015.....	256.4	1.0	380.0	5.8
30 June 2015.....	258.5	1.0	384.6	4.2
30 September 2015.....	259.3	0.9	388.4	3.7
31 December 2015	260	1.0	394.2	4.3
31 March 2016.....	260	1.4	399.9	5.2
30 June 2016.....	262.2	1.4	404.7	5.2
30 September 2016.....	264.2	1.9	409.3	5.4
31 December 2016	265.8	2.2	412.0	4.5
31 March 2017.....	267.7	3.0	416.0	4.0
30 June 2017.....	271.5	3.5	416.5	2.9
30 September 2017.....	274.2	3.8	419.7	2.5
31 December 2017	276.4	4.0	423.0	2.7
31 March 2018.....	277.5	3.7	426.2	2.4
30 June 2018.....	280.6	3.4	425.9	2.3
30 September 2018.....	283.3	3.3	428.4	2.1
31 December 2018	284.9	3.1	428.4	1.3
31 March 2019.....	284.4	2.5	427.9	0.4

Note:

(1) Seasonally Adjusted.

Source: Office for National Statistics and Nationwide Building Society

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

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

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

Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the Issuer nor Nationwide Building Society makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

TITLE TO THE MORTGAGE POOL

On the Transfer Date, the Seller agreed to acquire the right to exercise the portfolio call options on the Issue Date pursuant to the Assignment and Indemnity Agreement. On the Issue Date, the Seller will purchase the Loans (other than the Additional Loans) and their related Mortgages from the Securitisation Issuers and will on-sell such Loans (other than the Additional Loans) and their related Mortgages to the Issuer. On the Issue Date, the Seller will purchase the Additional Loans from the Additional Loans Seller and will on-sell such Additional Loans to the Issuer. The Seller committed to purchase the Additional Loans on 23 July 2019. The sale of the Loans and their related English Mortgages and Northern Irish Mortgages will take effect in equity only and, in the case of their related Scottish Mortgages, by means of Scottish Releases and Scottish Declaration of Trust (granted by the Legal Title-Holder at the request and instruction of the Seller).

Legal title to the Loans and their Related Security was transferred to the Legal Title-Holder on 13 May 2016. All the Borrowers were notified of the transfer of legal title of the Loans to the Legal Title-Holder. At the same time applications were made to the Land Registry, the Registers of Scotland and the Registries of Northern Ireland to register the transfer of the legal title to the Loans and Related Security to the Legal Title-Holder. Legal title to the Loans will remain with the Legal Title-Holder following their sale to the Issuer.

The Issuer will grant a first fixed equitable charge and (as applicable) assignation in security in favour of the Trustee over and of its interests in the Loans, the Mortgages and their Related Security.

The Mortgage Administrator is required under the terms of the Mortgage Administration Agreement to ensure the safe custody of title deeds. Pursuant to the Mortgage Administration Agreement, the Legal Title-Holder instructs the Mortgage Administrator to arrange for the title deeds in respect of the Loans and the Related Security to be held by a third-party storage provider to the order of the Mortgage Administrator as agent of the Issuer and, following service of an enforcement notice, the Trustee.

Save as mentioned in "*Sale of the Mortgage Pool – Perfection Events*", neither the Issuer nor the Trustee will affect any registration at the Land Registry or the Registries of Northern Ireland to protect the sale of the Loans and the Related Security by the Seller to the Issuer or the charge of them by the Issuer in favour of the Trustee nor, save as mentioned below, will they be entitled to obtain possession of the title deeds to the Properties or the Loans and their related Mortgages.

Save as mentioned in "*Sale of the Mortgage Pool – Perfection Events*", notice of the sale to the Issuer and the equitable charge in favour of the Trustee will not be given to the Borrowers.

The effect of (i) not giving notice to the Borrowers of the sale of the relevant Loans and their Related Security to the Issuer and the charging of the Issuer's interest in the Loans and their Related Security to the Trustee and (ii) the charge of the Issuer's rights thereto in favour of the Trustee pursuant to the Deed of Charge taking effect in equity (or, in the case of Scottish Mortgages, in relation to the Issuer's beneficial interest under the Scottish Declaration of Trust) only, is that the rights of the Issuer and the Trustee may be, or may become, subject to equities as well as to the interests of third parties who perfect a legal interest or title prior to the Issuer or the Trustee acquiring and perfecting a legal interest or title (such as, in the case of Mortgages over unregistered land, a third party acquiring a legal interest in the relevant Mortgage without notice of the Issuer's or the Trustee's interests or in Northern Ireland a third party acquiring a legal interest or title by registration prior to the registration of the Issuer's or the Trustee's interests at Registry of Deeds of Northern Ireland or, in the case of Mortgages over registered land (whether at the Land Registry, the Registers of Scotland or Land Registry of Northern Ireland), a third party acquiring a legal interest or title by registration or recording prior to the registration or recording of the Issuer's or the Trustee's interests). See further "*Risk Factors – General Risk Factors and Certain Tax and Regulatory Considerations*".

The risk of such equities and other interests leading to third-party claims obtaining priority to the interests of the Issuer or the Trustee in the Loans and the Related Security is likely to be limited to circumstances arising from a breach by the Seller, the Legal Title-Holder or the Issuer of its or their contractual or other obligations or fraud or mistake on the part of the Seller, the Legal Title-Holder or the Issuer or their respective officers, employees or agents (if any).

SALE OF THE MORTGAGE POOL

On the Issue Date, the Seller will agree to sell its interest in the Completion Mortgage Pool (which will consist of the beneficial title to and interest in the Loans, the Related Security and all monies derived therefrom (including as to principal and any other payments received therefrom as from the Cut-Off Date to the Issuer for a consideration equal to (A) an immediate cash payment of the aggregate Current Balance of the Loans (excluding the Ineligible Loans) (as at the Cut-Off Date) multiplied by 98.3 per cent. minus all fee and commissions payable to the Joint Lead Managers payable on the Issue Date and (B) subscription by the Seller of the Certificates. The Mortgage Completion Pool will contain loans which do not satisfy the required representations and warranties in the Mortgage Sale Agreement (the "**Ineligible Loans**"). The purchase price paid for the Ineligible Loans will be zero and as at the Cut-Off Date they had an aggregate Balance of £327,963.37.

Sale of the Mortgage Pool from the Seller to the Issuer

Pursuant to the terms of the Mortgage Sale Agreement, the Seller will sell to the Issuer on the Issue Date its beneficial interest in and title to the Completion Mortgage Pool. As at the Issue Date the Completion Mortgage Pool will comprise the Loans selected by the Seller from the Target Mortgage Pool. See "*Constitution of the Mortgage Pool*" and "*Characteristics of the Target Mortgage Pool*" for more detail.

The Legal Title-Holder will retain legal title to the Completion Mortgage Pool as at the Issue Date, and will undertake to transfer legal title when required under the terms of the Mortgage Sale Agreement, as described under "*Perfection Events*" below, and will provide certain further assurances to the Issuer and the Trustee.

The sale by the Seller to the Issuer of the Loans in the Completion Mortgage Pool will be given effect to by an equitable assignment (in the case of the English Mortgages and Northern Irish Mortgages) and a Scottish Declaration of Trust (in the case of the Scottish Mortgages) granted by the Legal Title-Holder at the request and instruction of the Seller.

Perfection Events

The Mortgage Administrator shall (or, the Mortgage Administrator Facilitator) shall procure that any replacement Mortgage Administrator selected by the Mortgage Administration Facilitator in accordance with the terms of the Mortgage Administration Agreement (as the case may be) shall), if so requested by the Issuer (with the consent of the Trustee) or the Trustee, after the occurrence of any of the following events or circumstances:

- (i) the service of an Enforcement Notice;
- (ii) the Trustee determining that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of one or more of the Seller or the Legal Title-Holder);
- (iii) any action is taken for the winding-up, dissolution or reorganisation (other than on solvent grounds) of one or more of the Seller or the Legal Title-Holder; or
- (iv) the Issuer, the Trustee, the Seller or the Legal Title-Holder becoming obliged to effect any such assignment, transfer, assignation and/or notice by an order or decree of any court having jurisdiction or by law or by a mandatory requirement of any regulatory authority having jurisdiction,

act on the instructions of the Issuer or the Trustee in delivering to the Issuer or the Trustee (or as the Trustee may direct), as the case may require, all Property Deeds and duly executed up-to-date schedules for attachment to the transfers (in addition to the completed transfers themselves) referred to in the Mortgage Sale Agreement and giving formal notice of a legal assignment or transfer as the case may require of each Mortgage relating to each Loan and of each charge, security and guarantee to the relevant Borrowers, insurers and other persons, all in such form or forms as may be required by the Issuer (prior to the delivery of an Enforcement Notice and with the consent of the Trustee) or the Trustee (after the delivery of an Enforcement Notice), provided that, in the case of (iv) above, such action only needs to be taken with regards to the relevant Loan the subject of the court order, decree, legal requirement or direction from any regulatory authority having jurisdiction.

Warranties and Repurchase

The Mortgage Sale Agreement contains representations and warranties given by the Seller, in relation to the relevant Loans (other than the Ineligible Loans) sold pursuant to the relevant mortgage sale agreement only on the

Issue Date. No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee or security holder would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying upon the representations and warranties in the Mortgage Sale Agreement (see section entitled "*Risk Factors – Risks related to the Loans – Searches, Investigations and Warranties in relation to the Loans*").

If there is an unremedied or unremediable breach of any of these representations and warranties which would have a material adverse effect on the value of any Loan and its Related Security (other than where such breach was disclosed at the point of sale to the Issuer and other than in respect of the Ineligible Loans), then the Seller is required, at the option of the Seller, to (a) repurchase the relevant Loan and its Related Security for a consideration in cash equal to the Repurchase Price of that Loan and its Related Security, or (b) pay an amount to the Issuer equal to the loss suffered by the Issuer on or prior to the Repurchase Date in lieu of a repurchase of the relevant Loan and Related Security in accordance with the terms of the Mortgage Sale Agreement, provided that the amount payable by the Seller in lieu of a repurchase shall not be greater than the amount that would have been payable by the Seller if it had repurchased the relevant Loan and its Related Security, (see section entitled "*Risk Factors – Risks related to the Loans – Searches, Investigations and Warranties in relation to the Loans*"). Performance of the obligation to repurchase will be in satisfaction of all liabilities of the Seller in respect thereof.

The Issuer's recourse against the Seller in relation to any repurchase or indemnity payments is limited to the amount recovered by the Seller for corresponding repurchase or indemnity claims under the Assignment and Indemnity Agreement. The Seller will only be liable under the representations and warranties to the extent that it receives amounts from the Original Mortgage Portfolio Option Holder under the Assignment and Indemnity Agreement. Although the Original Mortgage Portfolio Option Holder's liabilities to the Seller are not subject to time limits, claim threshold or financial caps, the Original Mortgage Portfolio Option Holder may have limited resources to satisfy such liabilities. The Original Mortgage Pool Option Holder has agreed on the Issue Date and whilst the Notes are outstanding to retain a cash amount of £7,500,000 (less amounts paid out by the Original Mortgage Pool Option Holder) to cover liabilities of the Original Mortgage Portfolio Option Holder towards the Seller under the Assignment and Indemnity Agreement (including amounts due in respect of any liability for breach of representation and warranty in respect of the Loans and their Related Security). To the extent that any amount is used by the Seller to fund a payment or liability under the Assignment and Indemnity Agreement, there is no additional requirement for the Original Mortgage Pool Option Holder to top up any cash to the initial amount of £7,500,000.

The Seller has undertaken in the Mortgage Sale Agreement to enforce its rights, powers or remedies provided to it under the Assignment and Indemnity Agreement or as otherwise provided by law, without delay (including, without limitation, in respect of all obligations and/or breach of representations and warranties) in favour of the Seller in relation to each Loan and its Related Security, and promptly to pass to the Issuer the proceeds of such exercise to the extent that such amounts are payable to the Issuer by the Seller under the Mortgage Sale Agreement.

The Seller assigns its rights in respect of the following covenants and rights under the Assignment and Indemnity Agreement to the Issuer: (A) Original Mortgage Pool Option Holder's covenant to, for so long as the Notes are outstanding, retain an amount in cash of £7,500,000 (less any amounts paid to the Seller under the Assignment and Indemnity Agreement and which, for the avoidance of doubt, will not be replenished) and (B) the representations and warranties made by Original Mortgage Pool Option Holder in relation to the Loans and their Related Security, provided that the Issuer may only enforce such rights in place of the Seller in the event that the Seller is in breach of its obligation in the preceding sentence. The representations and warranties referred to will include, *inter alia*, statements to the following effect (which, for the avoidance of doubt, will not apply to the Ineligible Loans):

- (a) Immediately prior to the Issue Date, the Legal Title-Holder holds or will hold, upon completion of any pending applications for registration of the Legal Title-Holder at the Land Registry, the Registries of Northern Ireland or the Registers of Scotland legal title to all Loans and Related Security. Immediately prior to the Issue Date, the Legal Title-Holder has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, disposed of or dealt with the benefit of the Loans and Related Security, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold, transferred or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement.

- (b) The particulars of each Loan and its related Mortgage comprised in the Completion Mortgage Pool and the schedule to the Scottish Declaration of Trust are, to the best of the Seller's knowledge, information and belief, complete, true and accurate in all material respects.
- (c) Immediately prior to the Issue Date, the Seller was the absolute beneficial owner of (and holder of the beneficial interest in) all of the Loans and Related Security and such other related property as will be sold to the Issuer and entitled to call for the transfer of legal title of such Loans from the Legal Title-Holder and the Mortgages and Mortgage Rights and such other property relating thereto to be sold to the Issuer, and the Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, disposed of or dealt with the benefit of any of the Loans or Related Security, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold, transferred or assigned pursuant to the prior sale of the Loans and Related Security to the Securitisation Issuers or Additional Loans Seller (as the case may be), the granting of any security by the Securitisation Issuers or Additional Loans Seller (as the case may be) pursuant to any prior deed of charge and the purchase of these Loans and Related Security on the Issue Date and any related release of security over those Loans and Related Security by the Securitisation Issuers or Additional Loans Seller (as the case may be) on the Issue Date.
- (d) All formal approvals, consents and other steps necessary to permit a legal and beneficial transfer of the Loans and Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken and all Loans and Related Security are freely assignable and transferable and no formal approvals, consents or other steps are necessary as at the Issue Date to permit a legal, equitable or beneficial transfer (including holding in trust) of the Loans and Related Security, save only for the relevant transfer (and in the case of a legal transfer, registration at the Land Registry, the Registries of Northern Ireland or the Registers of Scotland and notification to the relevant Borrower) itself, and no notification to any Borrower is required to effect any equitable or beneficial transfer (including holding in trust) of the Loans and Related Security to the Issuer pursuant to the Mortgage Sale Agreement and the Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire the same.
- (e) Each Loan and its related Mortgage is non-cancellable and constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms (except that: (i) enforceability may be limited by; (A) bankruptcy or insolvency of the Borrower or other laws relating to enforcement of general applicability affecting the enforcement rights of creditors generally and the court's discretion in relation to equitable or discretionary remedies (or, in limited circumstances, if the Borrower purchased the property from a bankrupt vendor); (B) the application of the UTCCR, the Consumer Protection from Unfair Trading Regulations 2008, the Consumer Rights Act 2015 or the CCA (if the CCA is deemed to apply to the Loans); or (C) fraud; and (ii) no warranty is given in relation to any obligation of the Borrower to pay early repayment charges or charges payable in the event of Borrower default), and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than in relation to any repayment charges where repayment takes place following the early repayment charge period), provided that nothing in this paragraph (e) constitutes a representation or a warranty as to the sufficiency of such Property as security for indebtedness secured on it.
- (f) All steps necessary to perfect the Legal Title-Holder's title to each Loan, together with their related Mortgages, were duly taken at the appropriate time or are in the process of being taken with all due diligence.
- (g) The Loans were originated by the relevant Originator in the ordinary course of business.
- (h) In relation to any leasehold or long lease Property, (i) in any case where the Legal Title-Holder has received written notice from the relevant landlord that it is or may be taking steps to forfeit or renounce the lease of that Property the Legal Title-Holder has taken such steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and Loan and (ii) any requisite consent of the landlord to, or notice of, the creation of the Mortgage has been obtained or given (as applicable).
- (i) Other than when acting as a Prudent Mortgage Lender, neither the Seller nor, upon reasonable enquiry and so far as the Seller is aware, the Legal Title-Holder has, in writing, waived or acquiesced in any breach of

any of its rights in respect of a Loan or its related Mortgage, other than in relation to any payment default in respect of those Loans.

- (j) Neither the Seller nor, as far as the Seller is aware, the relevant Originator or Original Seller, as applicable, has waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Loan and the related Mortgage other than waivers or settlements that a Prudent Mortgage Lender might make.
- (k) The only third parties having an interest in the Loans and Related Security granted to or held for the Seller and being the subject of the Mortgage Sale Agreement are: (i) the Legal Title-Holder in its capacity as bare trustee (including under each Scottish Declaration of Trust) of the legal title to the Loans and Related Security, and (ii) the Borrower who retains the equity or right of redemption.
- (l) Upon reasonable enquiry and so far as the Seller is aware, in relation to each Mortgage over a Property, the Borrower has a good, valid and marketable title to the relevant Property and the relevant Property has been registered or is in the course of registration with such title as would be acceptable to a Prudent Mortgage Lender.
- (m) Subject to completion of any registration which may be pending at the Land Registry, the Registries of Northern Ireland and the Registers of Scotland, each Mortgage relating to a Loan constitutes a first legal mortgage, first legal charge, first charge by way of legal mortgage or first ranking standard security over the relevant Property, except in so far as there is a prior statutory charge or burden or discount charge or, in Scotland, a prior-ranking heritable security under section 72 of the Housing (Scotland) Act 1987, where the relevant Loan is a Right to Buy Loan for which the Seller or the Legal Title-Holder and the relevant Borrower have the benefit of Right to Buy Insurance.
- (n) Each Loan and its Related Security was made on the same terms as are set out in the Standard Documentation without any material variation thereto, or where there were any changes, such changes would have been acceptable to a Prudent Mortgage Lender.
- (o) No material legal proceedings by Borrowers are outstanding against the Seller or, upon reasonable enquiry and so far as the Seller is aware, the Legal Title-Holder which would call into question their beneficial or legal title to the Loans.
- (p) No Loan or its related Mortgage contains an obligation to make any further advance (other than a Redraw) or a Port.
- (q) Interest on each Loan is charged on such Loan in accordance with the provisions of that Loan and its related Mortgage.
- (r) All Loans are BBR Mortgages, BBBR Mortgages, FN SVR Mortgages, Natwest Mortgages, Fixed for Life Mortgages, Fixed Rate Mortgages, GE MBR Mortgages, SVCR Mortgages, MBS-SVR Mortgages, MBS-SVCR Mortgages, FNB Mortgages or Lombard Mortgages.
- (s) No Loan has a final maturity beyond the date falling two years prior to the Final Maturity Date of the A Notes.
- (t) No Loan has a Balance of greater than £1,250,000 on the relevant date of sale to the Issuer.
- (u) No Loan is currently repayable in a currency other than sterling and the currency of the repayments cannot be changed by the Borrower to a currency other than sterling.
- (v) All the Loans in respect of Properties are governed by English law, Scots law or the laws of Northern Ireland.
- (w) As at the Cut-Off Date, with the exception of Loans which have been identified as being in arrears no Loan has an arrears balance which is one or more Monthly Subscriptions (where "**Monthly Subscription**" means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each scheduled payment date, comprising interest and, where applicable, contractual repayments of principal and other sums, as determined in accordance with the terms and

conditions of that Loan, without regard for any discounted or additional payment arrangement agreed with the relevant Borrower).

- (x) Subject to completion of any registration or recording of a Mortgage which may be pending at the Land Registry, the Registries of Northern Ireland or the Registers of Scotland in relation to each Loan and its related Mortgage, all the title deeds, the deeds constituting the Mortgage and the correspondence file (such as it exists) relating to each of the Loans are held by or to the order of or have been lodged by, or on behalf of, the Legal Title-Holder at the Land Registry, the Registries of Northern Ireland or the Registers of Scotland.
- (y) Upon reasonable enquiry and so far as the Seller is aware, the Originators, the Original Sellers, the Legal Title-Holder, the Securitisation Issuers and/or Additional Loan Sellers (as applicable) have procured that since the creation of each Loan full and proper accounts, books and records have been kept showing clearly all transactions, payments, receipts and proceedings relating to that Loan and its related Mortgage and all such accounts, books and records are up-to-date, accurate and in the possession of the Legal Title-Holder or held to its order.
- (z) No Right to Buy Loan was originated in the five years prior to the Issue Date.
- (aa) Except in the case of 1.18 per cent. by Current Balance of the Loans in the Target Mortgage Pool for which the Borrower is a company, each Borrower is a natural person and was aged at least 18 years at the date that he or she executed the relevant Mortgage.
- (bb) No Borrower is at present an employee of the Seller or, upon reasonable enquiry and so far as the Seller is aware, the Legal Title-Holder or any related company.
- (cc) Each Borrower is either an individual or a private company incorporated with limited liability in England, Wales, Scotland or Northern Ireland.
- (dd) Each Borrower is or was at the date of origination, a resident in the European Economic Area.
- (ee) In respect of each Borrower which is a corporate borrower:
 - (i) such Borrower is a private company incorporated with limited liability in England, Wales, Scotland or Northern Ireland;
 - (ii) upon reasonable enquiry and as far as the Seller is aware no steps having been taken for the liquidation or winding-up of, or the making of an administrative order or analogous proceedings in relation to, such Borrower or of any steps having been taken to enforce any security over the assets of such Borrower (including, without limitation, the appointment of any receiver of rent in respect of the Borrower);
 - (iii) upon reasonable enquiry and as far as the Seller is aware:
 - (A) a meeting of the board of directors of the Borrower had resolved to approve the Loan and had authorised a designated person or persons to sign all relevant documentation; and
 - (B) such meeting was duly convened and quorate in accordance with the Borrower's articles of association;
 - (iv) upon reasonable enquiry and as far as the Seller is aware, prior to making the initial advance to such Borrower, the relevant Originator, acting as a Prudent Mortgage Lender, carried out a company search at the underwriting stage to identify the directors and shareholders of the corporate borrower, and to establish whether any incidence of default was registered against either the individuals or the company itself; and
 - (v) the particulars of the relevant Mortgage were registered with Companies House within 21 days of the date of the grant of the Mortgage.
- (ff) Upon reasonable enquiry and so far as the Seller is aware, no Borrower is or has, since the date of origination of the relevant Loan, been in material breach of any obligation (other than in relation to any payment default in respect of such a Loan) owed in relation to that Loan and/or its related Mortgage.

- (gg) No lien or right of set-off or counterclaim (or equivalent rights) have been created or arisen between the Seller or, upon reasonable enquiry and so far as the Seller is aware, the Legal Title-Holder and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.
- (hh) Each Property is a residential property located in England, Wales, Scotland or Northern Ireland (and for this purpose mixed use properties shall be counted as a residential property as long as (i) they contain a residential component, and (ii) they have been underwritten as residential property rather than as a business property).
- (ii) Each Property is insured:
 - (i) for full reinstatement cost as determined by the relevant valuer as at the time of origination under an insurance policy taken out in the name of the Borrower or in the name of the landlord in the case of leasehold Properties long-lease Properties or commonhold Properties where the relevant landlord is responsible for insuring the Property or Properties (a "**Borrower Buildings Policy**"); or
 - (ii) under a policy of insurance (a "**Contingent Buildings Policy**") for the benefit of the Legal Title-Holder, and on which the Issuer's interest has been noted, which provides cover at least up to the lower of the principal balance of the relevant Loan and the value of the relevant Property in the event that no Borrower Buildings Policy is in place for a Property due to default in arranging such cover either by the Borrower or the relevant landlord, and no act or circumstance has occurred which adversely affects the Contingent Buildings Policy or entitles the relevant insurer to refuse payment or reduce the amount payable.
- (jj) Upon reasonable enquiry and so far as the Seller is aware, the Legal Title-Holder has not given express written consent to the grant of a tenancy by a Borrower in circumstances where no Prudent Mortgage Lender at the time such consent was given would give such consent.
- (kk) There are 73 Flexible Loans which have a Balance of 0.14 per cent. of the Target Mortgage Pool.
- (ll) No Loan is an equity release loan.
- (mm) Prior to making a Loan, upon reasonable enquiry and so far as the Seller is aware, the requirements of the relevant Originator's lending criteria were met in all cases, subject only to exceptions made on a case-by-case basis and in accordance with the relevant Originator's internal policies.
- (nn) Upon reasonable enquiry and so far as the Seller is aware, prior to making each Loan to a Borrower, the Originator instructed or required to be instructed on its behalf solicitors or licensed or qualified conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions that would have been undertaken by a Prudent Mortgage Lender when advancing money in an amount equal to such advance to an individual to be secured on a property of the kind permitted by a Prudent Mortgage Lender and a report on title was received by or on behalf of it from such solicitors or licensed or qualified conveyancers which either initially or after further investigation revealed no material matter which would cause a Prudent Mortgage Lender to decline such Loan.
- (oo) Unless in accordance with the standards of a Prudent Mortgage Lender at the time of origination no valuation was required at the time of origination of the relevant Loan, a valuation of the relevant Property was undertaken by (i) a valuer approved by the relevant Originator; (ii) applying Hometrack Data System Limited's automated valuation model; or (iii) a drive-by valuation was obtained in respect of the relevant Property.
- (pp) Upon reasonable enquiry and so far as the Seller is aware, no fraud, misrepresentation or concealment has been perpetrated in respect of a Loan by:
 - (i) any person who prepared a valuation of a Property; or
 - (ii) any solicitors who acted for the Legal Title-Holder, the Original Seller or the Originator (as applicable) in relation to any Loan; or

- (iii) any insurance broker or agent in relation to any of the Insurance Contracts; or
- (iv) any Borrower of any Loan; or
- (v) any other party within the knowledge of the Legal Title-Holder,

which would result in any monies owed by any of the Borrowers not being or being unlikely to be repaid in full under the terms of any of the Loans.

- (qq) To the extent that any Loan and its related security is subject to the UTCCR and as far as the Seller is aware, no action whether formal or informal has been taken by the Office of Fair Trading, the FCA or a "qualifying body" as defined in the UTCCR against the Seller, the Originators, the Original Sellers or the Legal Title-Holder pursuant to the UTCCR or otherwise which might restrict or prevent the use in any Loan or their related Mortgages of any material term or the enforcement of such terms.
- (rr) No agreement for any Loan is or includes a consumer credit agreement (as defined in regulation 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "RAO") and section 8 of the Consumer Credit Act 1974) or constitutes any other agreement regulated or partly regulated by the Consumer Credit Act 1974 (other than sections 137 to 140 of such Act) or any modification or re-enactment thereof or, to the extent that it is so regulated or partly regulated, upon reasonable enquiry and so far as the Seller is aware, all the requirements of the Consumer Credit Act 1974 have been met in full.
- (ss) None of the Loans are: (i) regulated home reversion plans under regulation 63B of the RAO, (ii) regulated home purchase plans under regulation 63F of the RAO; or (iii) regulated sale and rent back agreements under 63J of the RAO.
- (tt) In relation to any Loan which is a regulated mortgage loan within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so far as the Seller (having performed such due diligence as the Seller considered appropriate before the execution of the Mortgage Sale Agreement) is aware, all then applicable requirements of MCOB have been complied with in all material respects in connection with the origination (including in respect of any further advance), documentation and administration of such Loan (as applicable). Since the date of transfer to the Legal Title-Holder, each Loan has been administered and maintained in all material respects in accordance with Applicable Law and the Legal Title-Holder has not received any notification from any Authorities otherwise.
- (uu) The Loans and Related Security (i) constitute "financial assets" as defined in the Securitisation Tax Regulations; and (ii) are not shares.
- (vv) No Loan originated after 20 March 2014 was marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender.
- (ww) In accordance with Articles 9(1) and 9(3) of the Securitisation Regulation, the Originators:
 - (i) applied the same sound and well-defined credit-granting criteria for the Mortgage Loans as they applied to equivalent mortgage loans that are not part of the Mortgage Pool;
 - (ii) applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing Mortgage Loans as they applied to equivalent mortgage loans that are not part of the Mortgage Pool; and
 - (iii) had effective systems in place to apply to those criteria and processes in order to ensure that credit granting was based on a thorough assessment of the borrower's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the borrower meeting its obligations under the relevant mortgage loan agreement.

Mortgage Pool Option

The Issuer will, by the Deed Poll, grant to the Mortgage Pool Option Holder the option (the "**Mortgage Pool Option**") to require the Issuer to (a) sell to the Mortgage Pool Option Holder (or a third-party purchaser nominated by it) the beneficial title to and interest in all Loans and Related Security in the Mortgage Pool and (b) transfer to

the Mortgage Pool Option Holder (or a third party purchaser nominated by it) the right to have the legal title to the Mortgage Pool and Related Security in the Mortgage Pool transferred to it.

The Mortgage Pool Option Holder may on any Business Day on and from the Interest Payment Date falling immediately prior to the Call Option Date deliver a notice to the Issuer (with a copy to the Trustee, the Mortgage Administrator and the Cash Administrator) that it intends to exercise the Mortgage Pool Option at any time on or after the date falling 5 Business Days prior to the Call Option Date (the "**Exercise Notice**") which shall contain details of the proposed completion date for the exercise of the option (the "**Mortgage Pool Purchase Completion Date**"). Following receipt of the Exercise Notice, the Cash Administrator, on behalf of the Issuer, shall send to the Mortgage Pool Option Holder a notice signed by the Issuer specifying the Mortgage Pool Option Purchase Price (as defined below) (a "**Counter Notice**"). If the Mortgage Pool Option Holder agrees to the Mortgage Pool Option Purchase Price as set out in the Counter Notice, it will send an acceptance notice to the Issuer, the Trustee, the Cash Administrator and the Principal Paying Agent confirming that the purchase shall take place on the Mortgage Pool Purchase Completion Date

The purchase price payable by the Mortgage Pool Option Holder (or a third party purchaser nominated by it) in respect of the Mortgage Pool Purchase (the "**Mortgage Pool Option Purchase Price**") an amount equal to the higher of (A) an amount which, together with any amounts standing to the credit of the Transaction Account and/or the Reserve Fund (other than any amount received on the Loans since the relevant Call Cut-off Date), would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or pari passu with the Senior Notes on the Interest Payment Date falling on or immediately following the date on which the Mortgage Pool Option is exercised, redeem all of the Rated Notes then outstanding in full together with accrued and unpaid interest on such Rated Notes, redeem and pay the VRR Proportion of the Principal Amounts Outstanding to the Rated Notes together with the VRR Proportion of the accrued and unpaid interest on such Rated Notes and pay costs associated with the redemption (the "**Base Mortgage Pool Purchase Price**"), as calculated as at the completion date of such Mortgage Pool Purchase and (B) the Market Mortgage Pool Purchase Price as determined by the Mortgage Pool Option Holder in accordance with the terms of the Deed Poll. For the avoidance of doubt, the price payable by the Mortgage Pool Option Holder in respect of the Mortgage Pool Purchase may be greater than the aggregate Principal Amount Outstanding under the Rated Notes with accrued and unpaid interest and the VRR Proportion thereof calculated as at the Mortgage Pool Purchase Completion Date. However such purchase price may not be sufficient to pay all amounts due in respect of the Notes and the VRR Loan Note (other than the Rated Notes and the VRR Loan Note in an amount equal to the VRR Proportion of the Principal Amount Outstanding of the Rated Notes).

"**Market Mortgage Pool Purchase Price**" means the current value of the principal balance of all of the Loans in the Mortgage Pool as at the Call Cut-off Date (where the principal balance of the Loans is confirmed by the Mortgage Administrator and the current value is determined by the Mortgage Pool Option Holder in accordance with the Deed Poll) (the "**Mortgage Portfolio Current Value**") less any reasonable costs associated with determining the Mortgage Portfolio Current Value (including any auction costs, if applicable).

The Mortgage Portfolio Current Value shall be determined by the Mortgage Portfolio Option Holder, calculating such price in consultation with the Retention Holder. If the Mortgage Portfolio Option Holder and the Retention Holder cannot agree on a Mortgage Portfolio Current Value within 10 Business Days of commencing such consultation, the Mortgage Portfolio Option Holder shall arrange for the price to be determined by a blind auction of the Mortgage Portfolio on then applicable market standard terms. The Retention Holder and the Mortgage Portfolio Option Holder shall be entitled to bid in any such blind auction.

Redemption of Notes and Cancellation of Certificates

On the Interest Payment Date falling on or immediately following the Mortgage Pool Purchase Completion Date, the Rated Notes and the VRR Proportion of the Rated Notes will be redeemed in full and the VRR Loan Note will be redeemed in an amount equal to the VRR Proportion of the Rated Notes. To the extent that the Mortgage Pool Option Purchase Price is greater than the amount required to pay amounts due in respect of the Rated Notes (and the VRR Proportion in respect thereof) such amounts will be used to redeem the remaining Notes and the VRR Loan Note and pay amounts in respect of the Certificates (subject to and in accordance with the Priority of Payments). Following application of the Mortgage Pool Option Purchase Price (together with any other funds of

the Issuer) in accordance with the Priority of Payments on the Interest Payment Date on or immediately following the Mortgage Pool Option Purchase Completion Date, any remaining Notes and/or Certificates will be cancelled.

Optional Redemption in the event of a Risk Retention Regulatory Change Event

The Retention Holder shall (subject to the right of first refusal in favour of the Mortgage Pool Option Holder) have the right (but not any obligation) to acquire or re-acquire the entire beneficial interest of the Issuer in the Mortgage Pool upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*). The price payable by or on behalf of the Retention Holder to the Issuer to acquire the beneficial interest of the entire Mortgage Pool from the Issuer shall equal the Risk Retention Mortgage Pool Purchase Price on the Business Day prior to re-acquisition.

An exercise of a purchase right in respect of the entire Mortgage Pool following a Risk Retention Regulatory Change Event is referred to as the Risk Retention Regulatory Change Option (as defined below).

Prior to exercising the Risk Retention Regulatory Change Option the Retention Holder shall give notice of its intention to exercise the Risk Retention Regulatory Change Option to the Issuer (the "**Initial RR Call Notice**") not later than the day falling 60 days before the date on which the Retention Holder intends to exercise the Risk Retention Regulatory Change Option and the Issuer shall send notice of the same to the R Certificateholders in accordance with the Terms and Conditions of the Certificates. The Retention Holder shall, following such notification, consult with the Mortgage Pool Option Holder as to any matters that can be taken to minimise the effect of any Risk Retention Regulatory Change. The Mortgage Pool Option Holder has a right (but not an obligation) to exercise the Risk Retention Regulatory Change Option in lieu of the Retention Holder provided that it serves notice (the "**MPOH RR Call Notice**") on the Issuer and the Retention Holder within 45 days of receipt of notice from the Issuer of the intention of the Retention Holder to exercise the Risk Retention Regulatory Change Option. Where the Mortgage Pool Option Holder sends a MPOH RR Call Notice, all rights of the Retention Holder in relation to the Risk Retention Regulatory Change Option shall be exercised by the Mortgage Pool Option Holder.

In the event that the Mortgage Pool Option Holder does not serve a MPOH RR Call Notice on the Issuer and the Retention Holder within such 45 day period or at all, all rights in relation to the Risk Retention Regulatory Change Option in respect of the relevant designated Risk Retention Regulatory Change Completion Date shall be held by the Retention Holder, provided that in the event that the Retention Holder does not exercise the Risk Retention Regulatory Change Option on the relevant Risk Retention Regulatory Change Completion Date, the Retention Holder shall be required to serve a further Initial RR Call Notice before exercising the Risk Retention Regulatory Change Option and the Mortgage Pool Option Holder will have a further right (but not obligation) to serve a MPOH RR Call Notice and exercise the Risk Retention Regulatory Change Option in lieu of the Retention Holder.

It will be a condition of the purchase of all (but not some only) of the Loans comprising the Mortgage Pool following the occurrence of a Risk Retention Regulatory Change Event that each of the Issuer and the Legal Title-Holder, having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs), is satisfied that the sale of the Loans will not expose the Issuer or the Legal Title-Holder to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans and that any such sale will not result in the Issuer ceasing to be a "Securitisation Company" for UK tax purposes. The costs relating to such tax advice shall be borne by the Retention Holder.

The full amount of the Mortgage Pool Option Purchase Price will be applied in accordance with the Priority of Payments on the next following Interest Payment Date.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 30 nor less than 15 days' notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) stating that the Notes will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Retention Holder.

"Call Cut-off Date" means close of business on the 15th day of the month immediately preceding the Mortgage Pool Purchase Completion Date or the Risk Retention Regulatory Change Completion Date.

"Risk Retention Mortgage Pool Purchase Price" means an amount equal to:

- (i) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon in respect of the Principal Amount Outstanding of the Notes as at the Interest Payment Date on which or immediately following the date on which the Risk Retention Regulatory Change Option is expected to be completed and the VRR Proportion of such amounts; plus
- (ii) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates and (if applicable) the VRR Proportion of such amounts in the Pre-Enforcement Revenue Priority of Payments; less
- (iii) any amounts standing to the credit of the Transaction Account and/or the Reserve Fund (other than any amount representing Collections received on the Loans from the relevant Call Cut-off Date).

"Risk Retention Regulatory Change Completion Date" means the completion date specified by the Retention Holder, or the Mortgage Pool Option Holder, as applicable, for the date on which the Mortgage Pool will be purchased pursuant to the Risk Retention Regulatory Change Option.

"Risk Retention Regulatory Change Event" means any change in or the adoption of any new law, rule or regulation which as a matter of English law or U.S. law has a binding effect on the Retention Holder or Issuer after the Issue Date which would impose a positive obligation on the Retention Holder to subscribe for any Notes over and above the VRR Loan Note required to be maintained by it to comply with the Retention Requirement otherwise increase its investment.

"Risk Retention Regulatory Change Option" means the option of the Retention Holder or the Mortgage Pool Option Holder, as applicable, in the Mortgage Sale Agreement to acquire (or to nominate a third party to acquire) all but not some of the Mortgage Pool following a Risk Retention Regulatory Change Event.

CREDIT STRUCTURE

The Notes, the VRR Loan Note and the Certificates will not be obligations of the Sponsors, the Account Bank, the Collection Accounts Provider, the Arranger, the Cash Administrator, the Corporate Services Provider, the Trustee, the Mortgage Administrator, the Mortgage Administration Facilitator, the Seller, the Principal Paying Agent, the other Agents, the Legal Title-Holder, the Joint Lead Managers, or anyone other than the Issuer and will not be guaranteed by any such party. None of the Account Bank, the Collection Accounts Provider, the Arranger, the Cash Administrator, the Corporate Services Provider, the Trustee, the Mortgage Administrator, the Mortgage Administration Facilitator, the Seller, the Principal Paying Agent, the other Agents, the Legal Title-Holder, the Legal Title-Holder Facilitator, the Joint Lead Managers, nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure to pay any amount due under the Notes, the VRR Loan Note and the Certificates.

As a condition to the issue of the Notes:

- the A Notes are expected to be rated Aaa(sf) by Moody's and AAA(sf) by S&P;
- the B Notes are expected to be rated Aa3(sf) by Moody's and AA+(sf) by S&P;
- the C Notes are expected to be rated Baa1(sf) by Moody's and AA(sf) by S&P;
- the D Notes are expected to be rated Ba1(sf) by Moody's and AA-(sf) by S&P;
- the E Notes are expected to be rated B2(sf) by Moody's and A(sf) by S&P;
- the F Notes are expected to be rated Caa2(sf) by Moody's and BBB+(sf) by S&P; and
- the G Notes are expected to be rated Ca(sf) by Moody's and BBB-(sf) by S&P.

The ratings assigned by the Rating Agencies address, *inter alia*:

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

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or the liquidity of the Rated Notes.

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

The Notes and the VRR Loan Note

The Notes and the VRR Loan Note will be issued on the Issue Date and the proceeds will be used for the purposes described in the section entitled "*Use and estimated amount of Proceeds*".

Issue Price and Redemption of Notes

On the Issue Date, the Issuer will issue:

- (a) the A Notes at an issue price of 100 per cent. of the principal amount of the A Notes;
- (b) the B Notes at an issue price of 100 per cent. of the principal amount of the B Notes;
- (c) the C Notes at an issue price of 100 per cent. of the principal amount of the C Notes;
- (d) the D Notes at an issue price of 100 per cent. of the principal amount of the D Notes;
- (e) the E Notes at an issue price of 100 per cent. of the principal amount of the E Notes;

- (f) the F Notes at an issue price of 100 per cent. of the principal amount of the F Notes;
- (g) the G Notes at an issue price of 100 per cent. of the principal amount of the G Notes;
- (h) the H Notes at an issue price of 51.43 per cent. of the principal amount of the H Notes;
- (i) the X Notes at an issue price of 100 per cent. of the principal amount of the X Notes;
- (j) the Z1 Notes at an issue price of 100 per cent. of the principal amount of the Z1 Notes;
- (k) the Z2 Notes at an issue price of 100 per cent. of the principal amount of the Z2 Notes; and
- (l) the VRR Loan Note at an issue price of 5 per cent. of (100/95) of the aggregate issue price of the Notes and the Certificates (and for the avoidance of doubt, the Certificates do not have a principal amount).

The Retention Holder will acquire and maintain the VRR Loan Note on the Issue Date, which will equal to no less than 5 per cent. of (100/95) of the aggregate principal amount of the Notes and the Certificates (and for the avoidance of doubt, the Certificates do not have a principal amount).

Receipts

The Cash Administrator on behalf of the Issuer will calculate on each Determination Date the Available Revenue Funds of the Issuer for the previous Determination Period (as set out in the Cash Administration Agreement). The Cash Administrator will, on the next Interest Payment Date, apply such Available Revenue Funds on behalf of the Issuer to make payments of interest on the Notes and payment of amounts in respect of the VRR Loan Note as well as certain amounts under the Pre-Enforcement Revenue Priority of Payments (see Note Condition 2(d) (*Pre-Enforcement Revenue Priority of Payments*)).

Credit Support for the Notes Provided by Available Revenue Funds

The interest rates payable by Borrowers in respect of the Loans vary in respect of different Borrowers and different types of Loans. It is anticipated that, on the Issue Date, the weighted average interest rate payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing and that no extraordinary expenses have been incurred by the Issuer, exceed the amounts payable under items (i) to (iv), (v)(A) to (v)(X) and (vi)(A) to (vi)(X) (all inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of the excess will vary during the life of the Notes; two of the key factors determining such variations are the level of delinquencies experienced and the weighted average interest rate, in each case, on the Mortgage Pool. Available Revenue Funds may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency.

To the extent that the amount of Available Revenue Funds standing to the credit of the Revenue Ledger on each Interest Payment Date exceeds the amount required to meet items (i) to (iv), (v)(A) to (v)(O) and (vi)(A) to (vi)(O) (all inclusive) of the Pre-Enforcement Revenue Priority of Payments such funds are available to replenish the Reserve Fund which is itself available to be drawn upon on each Interest Payment Date in respect of an Interest Shortfall (in the case of the Non-Liquidity Reserve Fund)).

To the extent that the amount of Available Revenue Funds standing to the credit of the Revenue Ledger on each Interest Payment Date exceeds the amount required to meet items (i) to (iv), (v)(A) and (vi)(A) (all inclusive) of the Pre-Enforcement Revenue Priority of Payments such funds are available to replenish the Reserve Fund which is itself available to be drawn upon on each Interest Payment Date in respect of a Revenue Shortfall (in the case of the Liquidity Reserve Fund).

Reserve Fund

In order to provide limited coverage for insufficient funds available (a) to provide for payment of items (i) to (iv), (v)(A) to (v)(O) and (vi)(A) to (vi)(O) (all inclusive) of the Pre-Enforcement Revenue Priority of Payments (a "Shortfall") and/or (b) to pay Senior Fees, the interest on the A Notes and Class S Payments (and the VRR Proportion of such amounts) (such shortfall arising from time to time, a "Revenue Shortfall") the Issuer will establish the Reserve Fund on the Issue Date.

The Reserve Fund will, on the Issue Date, be fully funded by the proceeds from the Z1 Notes, the Z2 and the X Notes and the VRR Proportion of the Z1 Notes, the Z2 Notes and the X Notes and maintained on any Interest Payment Date thereafter in an aggregate amount equal to the Reserve Fund Required Amount.

The "**Reserve Fund Required Amount**", on any Interest Payment Date, is the greater of:

- (a) 2.25 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes on the Previous IPD (except in respect of the first Interest Payment Date which will refer to the Principal Amount Outstanding of such Notes on the Issue Date) and the VRR Proportion of such Principal Amount Outstanding of the aggregate of the A Notes, B Notes, C Notes, D Notes, E Notes, F Notes, G Notes and H Notes; or
- (b) 1.5 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes and the VRR Proportion of the aggregate Principal Amount Outstanding of the A Notes, B Notes, C Notes, D Notes, E Notes, F Notes, G Notes and H Notes in each case as at the Issue Date),

provided that: (i) for the purposes of the calculation in paragraph (a) above, if the amount standing to the credit of the Reserve Fund Ledger on the immediately preceding Interest Payment Date (the "**Previous IPD**") (after application of the Pre-Enforcement Revenue Priority of Payments) was less than the Reserve Fund Required Amount in respect of the Previous IPD, the Reserve Fund Required Amount for the relevant Interest Payment Date shall be an amount equal to the Reserve Fund Required Amount in respect of the Previous IPD; and (ii) following redemption in full of the A Notes to the G Notes (inclusive), the Reserve Fund Required Amount will be zero.

The Reserve Fund shall be maintained and, when applicable, increased until such time as the G Notes are redeemed in full. Following redemption in full of the G Notes, any remaining balance in the Reserve Fund which, for the avoidance of doubt, includes the Non-Liquidity Reserve Fund and Liquidity Reserve Fund shall be paid out in accordance with the relevant Priority of Payments.

The Reserve Fund is, in turn, divided into the Non-Liquidity Reserve Fund and the Liquidity Reserve Fund.

The Reserve Fund Ledger will, from time to time, be credited in accordance with the Pre-Enforcement Revenue Priority of Payments.

Liquidity Reserve Fund

On the Issue Date, the Issuer will establish the Liquidity Reserve Fund and the amount required on any Interest Payment Date, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger within the Transaction Account equal to the greater of (a) 2.25 per cent. of the Principal Amount Outstanding of the A Notes on the Previous IPD (except in respect of the first Interest Payment Date which will refer to the Principal Amount Outstanding of the A Notes on the Issue Date) that Interest Payment Date and the VRR Proportion of such amount, or (b) 1.0 per cent. of the Principal Amount Outstanding of the A Notes on the Issue Date and the VRR Proportion of such amount), provided that, following redemption in full of the A Notes, the Liquidity Reserve Fund Required Amount will be zero (the "**Liquidity Reserve Fund Required Amount**").

Non-Liquidity Reserve Fund

On the Issue Date, the Issuer will establish the Non-Liquidity Reserve Fund in an amount equal to the Reserve Fund Required Amount less the Liquidity Reserve Fund Required Amount (the "**Non-Liquidity Reserve Fund Required Amount**") within the Transaction Account and in the Non-Liquidity Reserve Fund Ledger. The Non-Liquidity Reserve Fund will be funded on each Interest Payment Date from Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments, in aggregate up to the Non-Liquidity Reserve Fund Required Amount.

The Non-Liquidity Reserve Fund will be applied as set out in "*Application of the Reserve Fund - Interest Shortfall and Revenue Shortfall*" below.

Application of the Reserve Fund - Interest Shortfall and Revenue Shortfall

On each Interest Payment Date, any amounts standing to the credit of the Liquidity Reserve Fund will constitute Available Revenue Funds and be applied in accordance with the relevant Priority of Payments. Items (v)(B) and (vi)(B) of the Pre-Enforcement Revenue Priority of Payments provides for the Liquidity Reserve Fund Ledger to be credited up to the Liquidity Reserve Fund Required Amount on the relevant Interest Payment Date. On each Interest Payment Date, any amounts standing to the credit of the Non-Liquidity Reserve Fund will constitute Available Revenue Funds and be applied in accordance with the relevant Priority of Payments.

Items (v)(P) and (vi)(P) of the Pre-Enforcement Revenue Priority of Payments provides for the Non-Liquidity Reserve Fund Ledger to be credited up to the Non-Liquidity Reserve Fund Required Amount on the relevant Interest Payment Date.

On each Interest Payment Date, if following application of limbs (a), (b), (c), (d), (e) and (h) of the Available Revenue Funds, there would remain a shortfall in any of items (i), (ii), (iii), (iv), (v)(A), (v)(D), (v)(F), (v)(H), (v)(J), (v)(L), (v)(N), (vi)(A), (vi)(D), (vi)(F), (vi)(H), (vi)(J), (vi)(L) and (vi)(N) of the Pre-Enforcement Revenue Priority of Payments, the Cash Administrator shall apply item (f) of the Available Revenue Funds as follows:

- (a) for any such shortfall in any of items (i), (ii), (iii), (iv), and (v)(A) and (vi)(A) of the Pre-Enforcement Revenue Priority of Payments, the Cash Administrator shall make up such shortfall by way of booking a Principal Deficiency and applying Available Principal Funds in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments. See the section of this Prospectus entitled "*Credit Structure – Principal Deficiency Ledger*" below; and
- (b) for any such shortfall in items (v)(D) and (vi)(D) (subject to the B Notes being the Most Senior Class), items (v)(F) and (vi)(F) (subject to the C Notes being the Most Senior Class), items (v)(H) and (vi)(H) (subject to the D Notes being the Most Senior Class) or items (v)(J) and (vi)(J) (subject to the E Notes being the Most Senior Class), items (v)(L) and (vi)(L) (subject to the F Notes being the Most Senior Class) or items (v)(N) and (vi)(N) (subject to the G Notes being the Most Senior Class) of the Pre-Enforcement Revenue Priority of Payments, then the Cash Administrator shall make up such shortfall by way of booking a Principal Deficiency and applying Available Principal Funds in accordance with item (i) of the Pre-Enforcement Principal Priority of Payments. See the section of this Prospectus entitled "*Principal Deficiency Ledger*" below.

Amounts standing to the credit of the Reserve Fund Ledger on the Interest Payment Date immediately following the redemption in full of the G Notes shall be paid out in accordance with the applicable Priority of Payments.

The Notes

Each Class of Notes will be constituted by the Trust Deed and will share the same security.

Prior to (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event:

- (a) the A Notes will rank *pari passu* and without preference or priority amongst themselves with the Class S Payment in respect of the S Certificates for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes and the R Certificates as to payment of principal;
- (b) the B Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes and the R Certificates as to payment of principal;
- (c) the C Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the D Notes, the E Notes, the F Notes, the G Notes, the H Notes and the R Certificates as to payment of principal;
- (d) the D Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the E Notes, the F Notes, the G Notes, the H Notes and the R Certificates as to payment of principal; and
- (e) the E Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the F Notes, the G Notes, the H Notes and the R Certificates as to payment of principal;

- (f) the F Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the G Notes, the H Notes and the R Certificates as to payment of principal;
- (g) the G Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the H Notes and the R Certificates as to payment of principal;
- (h) the H Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the R Certificates as to payment of principal; and
- (i) subject as provided below, the R Certificates will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes.

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, payments in respect of the X Notes, the Z1 Notes and the Z2 Notes (and the VRR Proportion of such payments) shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments to the extent there are residual Available Revenue Funds. Following the Step-Up Date, Available Revenue Funds will not be applied to pay interest and principal on the X Notes and Z1 Notes (or to pay principal on the Z2 Notes) or the VRR Proportion of such payments, and will be applied as Available Principal Funds to redeem the Notes (other than the X Notes the Z1 Notes and the Z2 Notes) until the Notes (other than the X Notes, the Z1 Notes and Z2 Notes) have been redeemed in full.

Each S Certificate represents the *pro rata* entitlement to receive the Class S Payment (in respect of the S Certificate) by way of deferred consideration of the purchase by the Issuer of the Completion Mortgage Pool. The Class S Payment shall be payable in accordance with the Certificates Conditions.

Each R Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool.

Payments in respect of the R Certificates shall only be payable (1) out of residual Available Revenue Funds and (2) out of residual Available Principal Funds.

Following (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event:

- (a) the A Notes will rank *pari passu* and without preference or priority amongst themselves with the Class S Payment in respect of the S Certificates for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (b) the B Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (c) the C Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (d) the D Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;

- (e) the E Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (f) the F Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the G Notes, the H Notes, X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (g) the G Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (h) the H Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (i) the X Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the Z1 Notes, the Z2 Notes and the R Certificates as to payment of principal;
- (j) the Z1 Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the Z2 Notes and the Certificates as to payment of principal;
- (k) the Z2 Notes will rank pari passu and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*), the Certificates as to payment of principal; and
- (l) subject as provided below, the Certificates will rank pari passu without preference or priority amongst themselves for all purposes but will rank after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes and the Z2 Notes.

Payments in respect of the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates (including the VRR Proportions thereof) will only be payable to the extent there are residual funds under the relevant Priority of Payments.

Interest on the Notes will be payable in arrear as provided in Note Condition 4 (*Interest*).

The proceeds of the Z1 Notes, the Z2 Notes and the X Notes and the VRR Proportion of the Z1 Notes, the Z2 Notes and the X Notes will be used to fund the Reserve Fund in an amount equal to the Reserve Fund Required Amount

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising nine sub-ledgers, being the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F Principal Deficiency Ledger, the G Principal Deficiency Ledger, the H Principal Deficiency Ledger and the VRR Principal Deficiency Ledger, respectively, will be established in order to record Losses on the Mortgage Pool and/or the utilisation of principal receipts (i) to pay a Revenue Shortfall and/or (ii) to pay an Interest Shortfall on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes (in each case subject to such Notes being the Most Senior Class) and the VRR Proportion of such Interest Shortfall.

Any losses on the Mortgage Pool and any amounts applied in accordance with item (i) in the Pre-Enforcement Principal Priority of Payments shall be debited from the Principal Deficiency Ledger as follows:

- (a) *first*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the H Notes, as debits on the H Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (a) shall equal the VRR Proportion of amounts debited from the H Principal Deficiency Ledger under this paragraph (a);
- (b) *second*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the G Notes, as debits on the G Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (b) shall equal the VRR Proportion of amounts debited from the G Principal Deficiency Ledger under this paragraph (b);
- (c) *third*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the F Notes, as debits on the F Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (c) shall equal the VRR Proportion of amounts debited from the F Principal Deficiency Ledger under this paragraph (c);
- (d) *fourth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the E Notes, as debits on the E Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (d) shall equal the VRR Proportion of amounts debited from the E Principal Deficiency Ledger under this paragraph (d);
- (e) *fifth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the D Notes, as debits on the D Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (e) shall equal the VRR Proportion of amounts debited from the D Principal Deficiency Ledger under this paragraph (e);
- (f) *sixthly*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the C Notes, as debits on the C Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (f) shall equal the VRR Proportion of amounts debited from the C Principal Deficiency Ledger under this paragraph (f);
- (g) *seventh*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the B Notes, as debits on the B Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (g) shall equal the VRR Proportion of amounts debited from the B Principal Deficiency Ledger under this paragraph (g); and
- (h) *eighth*, up to the PDL Maximum Amount (as calculated on the immediately preceding Determination Date) in respect of the A Notes, as debits on the A Principal Deficiency Ledger and the VRR Principal Deficiency Ledger in proportions such that the amounts debited from the VRR Principal Deficiency Ledger under this paragraph (h) shall equal the VRR Proportion of amounts debited from the A Principal Deficiency Ledger under this paragraph (h).

Collection Accounts, Transaction Account and Authorised Investments

Main Collection Account

Unless otherwise agreed in writing by the Issuer and the Trustee, payments by Borrowers in respect of amounts due under the Loans will be made in the majority of cases by direct debits, into the accounts in the name of the Legal Title-Holder (together, the "**Main Collection Account**") at the Collection Accounts Provider pursuant to the Main Collection Account Agreement. Payments by Borrowers by standing orders and DWP payments will also be made by Borrowers direct into the Main Collection Account. No payments from Borrowers with mortgage loans

from the Legal Title-Holder which are not Loans in the Mortgage Pool should be paid into the Main Collection Account. The Legal Title-Holder will declare a trust over the Main Collection Account (the "**Main Collection Account Declaration of Trust**") in favour of the Issuer.

F Collection Account

If a Borrower makes a payment in respect of amounts due under the Loans by cash or cheque, then those amounts will be paid by the Borrower into an additional collection account in the name of the Legal Title-Holder (the "**F Collection Account**") at the Collection Accounts Provider pursuant to the F Collection Account Agreement. Cash or cheque payments from Borrowers with mortgage loans from the Legal Title-Holder which are not Loans in the Mortgage Pool will also be paid into the F Collection Account. On 17 December 2015, the Legal Title-Holder declared a trust over the F Collection Account (the "**F Collection Account Declaration of Trust**") in favour of the relevant beneficiaries of the amounts deposited in the F Collection Account. On or about the Issue Date, the Issuer will enter into the F Collection Account Supplemental Deed of Declaration of Trust and will be the beneficiary in respect of the Loans in the Mortgage Pool. The F Collection Account Declaration of Trust is therefore in respect of a number of beneficiaries, being the relevant beneficial owners of the relevant mortgage loans to which the amounts deposited in the F Collection Account relate.

Cleared funds credited to the F Collection Account that are derived from mortgage loans beneficially owned by the Issuer are transferred to the Main Collection Account on the Business Day on which the payment is cleared.

R Collection Account

If a Borrower makes a payment in respect of amounts due under the Loans by credit or debit card, then those amounts will be paid by the Borrower into an additional collection account in the name of KMC (the "**R Collection Account**") at the Collection Accounts Provider pursuant to the R Collection Account Agreement. Credit or debit card payments from Borrowers with mortgage loans from the Legal Title-Holder which are not Loans in the Mortgage Pool will also be paid into the R Collection Account. On 17 December 2015, the Legal Title-Holder declared a trust over the R Collection Account (the "**R Collection Account Declaration of Trust**") in favour of the relevant beneficiaries of the amounts deposited in the R Collection Account. On or about the Issue Date, the Issuer will enter into the R Collection Account Supplemental Deed of Declaration of Trust and will be the beneficiary in respect of the Loans in the Mortgage Pool. The beneficiary in respect of the Loans in the Mortgage Pool will be the Issuer. The R Collection Account Declaration of Trust is therefore in respect of a number of beneficiaries, being the relevant beneficial owners of the relevant mortgage loans to which the amounts deposited in the R Collection Account relate.

Cleared funds credited to the R Collection Account that are derived from mortgage loans beneficially owned by the Issuer are transferred to the Main Collection Account on the Business Day following the date of receipt.

Deductions from the Collection Accounts

The Collection Accounts Provider shall be entitled at any time to deduct from the Collection Accounts any amounts to satisfy any of their obligations and/or liabilities properly incurred under the direct debiting scheme or in respect of other unpaid sums (including, but not limited to, cheques and payment reversals), in each case, relating to the Collection Accounts, or to pay amounts due or owing to the Collection Accounts Provider under the terms of the Main Collection Account Agreement, the F Collection Account Agreement and the R Collection Account Agreement.

Bank Agreement

All amounts received from Borrowers will be credited initially to the F Collection Account, the R Collection Account or the Main Collection Account. The Mortgage Administrator is obliged to transfer amounts standing to the credit of the Main Collection Account to the Transaction Account and at the end of the Business Day of receipt.

The Account Bank will pay a rate of interest agreed from time to time with the Issuer on the funds on deposit in the Transaction Account.

Transaction Account

The Issuer will open with the Account Bank the Transaction Account, which will be used as the Issuer's operational account in respect of the Mortgage Pool and from which the Issuer will make payments in accordance with the applicable Priority of Payments.

Authorised Investments

The Issuer will be entitled to invest, and to direct the Cash Administrator to invest on behalf of the Issuer all, or some, of such funds standing to the credit of the Transaction Account in Authorised Investments (as set out in the Cash Administration Agreement).

ADMINISTRATION, SERVICING AND CASH MANAGEMENT OF THE MORTGAGE POOL

Mortgage Administration Agreement

The Issuer, the Trustee, the Legal Title Holder, the Mortgage Administrator, the Seller, the Servicer Administrator and the Mortgage Administrator will, on or about the Issuer Date, enter into a mortgage administration agreement (the "**Mortgage Administration Agreement**")

Mortgage Administrator

The Mortgage Administrator is required to administer the Mortgage Pool on behalf of the Issuer under the Mortgage Administration Agreement (see "*The Mortgage Administrator and the Legal Title-Holder*"). The duties of the Mortgage Administrator (the "**Services**") include, *inter alia*:

- (a) maintaining the Loan account in respect of each Borrower, making appropriate debit and credit entries in accordance with the terms of the applicable Mortgage Conditions, and sending each Borrower an account statement as required by Applicable Law;
- (b) collecting the contractual monthly payments due on the Loans and (where appropriate) presenting to the relevant bank the appropriate direct debit instructions at least three days before the relevant payment date;
- (c) notifying Borrowers of changes in their contractual monthly payments;
- (d) dealing with the administrative aspects of redemption of a Loan, including arranging for the release of the Property Deeds relating to the relevant Property together with the deed of release or discharge of the Mortgage to the relevant Borrower upon receipt of amounts required to repay the Loan;
- (e) dealing with enquiries and requests from Borrowers;
- (f) notifying the Legal Title-Holder in the event that the Mortgage Administrator becomes aware that a Borrower's building policy has lapsed;
- (g) taking action required in connection with the enforcement of a Loan;
- (h) with respect to the warranties given by the Seller as set out in Part 1 of Schedule 1 to the Mortgage Sale Agreement, the Mortgage Administrator shall comply with its obligations pursuant to the Mortgage Sale Agreement;
- (i) rendering any services, projects or campaign of an ad hoc project nature which are additional to the Services which will be typically discharged over a temporary time period and which do not require a Change;
- (j) following the occurrence of a Perfection Event, implementing, at the Issuer's expense, instructions issued by the Issuer or the Trustee (as applicable) in order to perfect, vest or transfer legal title in and to the Loans in the Issuer or as the Trustee directs; and
- (k) arranging all lender insurance that an experienced lender, servicer or administrator of residential mortgage loans made to borrowers in England, Wales, Scotland and Northern Ireland would consider prudent in the circumstances to obtain; and
- (l) providing Redraws as required in connection with any Flexible Loan.

Pursuant to the Mortgage Administration Agreement, the Mortgage Administrator will acknowledge and agree that no (i) further advances (other than a Redraw) will be made to a Borrower in respect of a Loan in the Mortgage Pool and (ii) Port of a Loan will be agreed to.

The Mortgage Administrator will be obliged under the Mortgage Administration Agreement to act upon the instructions of the Legal Title-Holder. The Legal Title-Holder shall exercise such discretion as is vested in it for the purpose of administering the Mortgage Pool as would be exercised by a Prudent Mortgage Lender.

The Mortgage Administrator is permitted with the prior notification to the Issuer, the Legal Title-Holder and the Trustee to sub-contract or delegate its obligations under the Mortgage Administration Agreement subject to the conditions that, *inter alia*, (i) a Rating Agency Confirmation has been obtained and (ii) the relevant sub-contractor

or delegate will perform the Services and any other mortgage administration functions on behalf of the Mortgage Administrator so as to ensure that each of the Mortgage Administrator and the Legal Title-Holder comply with its obligations under Applicable Laws.

The Mortgage Administrator is entitled to the Mortgage Administration Fee for the performance by it of the Services under the Mortgage Administration Agreement, payable on each Interest Payment Date (subject to the proviso below and to the relevant Priority of Payments) of an amount, exclusive of value added tax, equal to the sum of:

- (a) 0.09 per cent. multiplied by the aggregate Current Balance of the Loans as at the first day of the Determination Period multiplied by the number of days in the Determination Period divided by 365 (the "**Base Fee**"); and
- (b) an amount equal to £45 for each Loan in the Mortgage Pool which is one month or more in arrears as at the first date of any calendar month during that Determination Period (the "**Arrears Fee Condition**") multiplied by the number of calendar months during the Determination Period on which the Arrears Fee Condition in respect of such Loan is met (the "**Arrears Fee**").

From the earlier of (A) the tenth anniversary of the Issue Date or (B) the date on which the aggregate Current Balance of the Loans in the Mortgage Pool falls below £1,000,000,000, the Mortgage Administration Fee the Ancillary Fees, and the Legal Title-Holder Fee shall be subject to a floor of £165,000 per calendar month.

From the (but excluding) the Optional Redemption Date, the Mortgage Administration Fee, the Ancillary Fees, and the Legal Title-Holder Fee will be increased in accordance with inflation (by reference to the Consumer Price Index) and such increase shall at all times be considered to be in excess of the Senior Servicing Fee Cap.

In addition, the Issuer shall pay the Mortgage Administrator's (i) various, properly incurred sundry fees and (ii) certain ancillary fees capped at £50,000 per month (the "**Ancillary Fees**") of an amount (exclusive of VAT, if any) equal to the sum of the following payable by the Issuer to the Mortgage Administrator on each Interest Payment Date for the completion of certain specified activities in respect of the Determination Period immediately preceding the relevant Determination Date which includes:

- Property management fees, being an amount equal to £50 for each Loan in the Mortgage Pool which is in repossession as at the first date of the calendar month during the Determination Period (the "**Property Management Condition**") multiplied by the number of calendar months during the Determination Period on which the Property Management Condition in respect of such Loan is met;
- Redemption fee, being an amount equal to £100 multiplied by the number of redemptions of Loans in the Mortgage Pool where the Related Security was released during the Determination Period (in addition to any sundry fees in respect of redemptions to be reimbursed or funded by the Issuer);
- Underwriting fees, being an amount equal to £350 multiplied by the number of underwriting decisions for advances (execution only) cases arising during the Determination Period;
- Contract variation fees, being an amount equal to £50 multiplied by the number of contract variation cases arising during the Determination Period (in addition to any sundry fees in respect of redemptions to be reimbursed or funded by the Issuer); and
- Borrower tariff fees, an amount equal to the aggregate of any amounts paid by any Borrower and received by the Issuer during the Determination Period on account of the tariff of charges and sundry fees that may be applied to any Loan in the Mortgage Pool by the Legal Title-Holder (or the Mortgage Administrator on its behalf) in accordance with the applicable Loan terms from time to time.

The appointment of the Mortgage Administrator may be terminated by the Issuer (prior to the delivery of an Enforcement Notice with the consent of the Trustee) or the Trustee (following the delivery of an Enforcement Notice) by written notice to the Mortgage Administrator on the occurrence of certain events of default, including, *inter alia*, non-performance of its obligations under the Mortgage Administration Agreement or if insolvency or similar events occur in relation to the Mortgage Administrator or if an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Mortgage Administrator is materially prejudicial to the interests of the holders of the Most Senior Class of Notes. Following the termination of its appointment, the

Mortgage Administrator may agree to continue to provide any necessary services on the same terms as are provided in the Mortgage Administration Agreement until completion of the settlement and related administration as set out in the Mortgage Administration Agreement.

If a Mortgage Administrator Termination Event occurs, the Issuer (prior to the delivery of an Enforcement Notice with the consent of the Trustee) or the Trustee (following the delivery of an Enforcement Notice) shall (as soon as practicable after such event has come to its attention) give notice in writing to the Mortgage Administration Facilitator of such occurrence and request it to identify and select a replacement mortgage administrator. Upon being so notified, the Mortgage Administrator Facilitator, in consultation with the Servicer Administrator, shall use reasonable endeavours to identify and select a replacement mortgage administrator within 30 calendar days of the occurrence of the applicable Mortgage Administrator Termination Event and provide details of the Proposed Replacement Mortgage Administrator to the Issuer, the Legal Title-Holder and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Mortgage Administrator, the Issuer shall appoint the Proposed Replacement Mortgage Administrator as Mortgage Administrator on substantially the same terms as set out in the Mortgage Administration Agreement, **provided, however, that** any such appointment shall be subject to the prior written consent of the Trustee and the Legal Title-Holder.

The appointment of the Mortgage Administrator may also be terminated (i) upon the expiry of not less than three months' notice of termination given in writing by either the Mortgage Administrator or the Issuer to the parties to the Mortgage Administration Agreement provided that there is a sale of the Mortgage Pool (pursuant to the exercise of a call option or otherwise), or (ii) upon the expiry of not less than 6 months' notice of termination given in writing by the Mortgage Administrator to the Issuer (copied to the other parties to the Mortgage Administration Agreement), provided that, in each case, *inter alia*, (A) the Trustee and (in the case of item (i) above) the Issuer consent in writing to such termination and a substitute administrator shall be appointed no later than the date of termination of the Mortgage Administrator ; (B) (in the case of item (ii) above) such substitute administrator enters into an agreement on substantially the same terms as the relevant terms of the Mortgage Administration Agreement and the Mortgage Administrator shall not be released from its obligations under the relevant provisions of the Mortgage Administration Agreement until such substitute administrator has entered such new agreement.

Redraws

The Mortgage Pool will include Flexible Loans where the relevant Borrower may be entitled to request (i) a Redraw or (ii) a Payment Holiday.

If the Mortgage Administrator receives a Redraw request from a Borrower, the Mortgage Administrator shall provide to the Issuer, the Seller and the Cash Administrator (with a copy to the Legal Title-Holder) a Redraw Notice and setting out the amount of the proposed Redraw. The Redraw Notice shall be given the day before the relevant Redraw Date (or such other notice period agreed between the Mortgage Administrator and the Cash Administrator). The Mortgage Administrator, shall, on behalf of the Issuer, pay the amount specified in the Redraw Notice by using amounts standing to the credit of the Principal Ledger in the Transaction Account transferred by the Cash Administrator to the Collections Account by 11 a.m. on the relevant Redraw Date.

All Redraws are intended to be funded from the Principal Ledger or the Collection Accounts. To the extent that the Issuer does not have sufficient funds in the Principal Ledger or the Collection Accounts to advance such Redraws, a Repurchase Event will be triggered and any Loan or its Related Security in respect of such Repurchase Event will be sold, retransferred or reassigned to the Seller within 15 Business Days of notification by the Issuer to the Seller, the Trustee and the Legal-Title Holder of such Repurchase Event.

Legal Title-Holder

The Legal Title-Holder is required to perform certain duties (the "**Legal Title-Holder Duties**") pursuant to the Mortgage Administration Agreement including, *inter alia*:

- (a) varying any service specification relating to the settlement and administration of the Loans, the Mortgages and the Related Security by the Mortgage Administrator, on behalf of the Issuer and, in doing so, the Legal Title-Holder must act in a manner consistent with that of a Prudent Mortgage Lender;
- (b) varying the basis on which consents or approvals are given to Borrowers from time to time in accordance with the relevant mortgage conditions;

- (c) varying the Enforcement Procedures applicable to Loans that are in arrears from time to time in accordance with the practice of a Prudent Mortgage Lender and instructing the Mortgage Administrator to undertake certain discretionary elements of the Enforcement Procedures as the Legal Title-Holder deems is appropriate;
- (d) provided that the Legal Title-Holder acts in accordance with the practice of a Prudent Mortgage Lender, directing the Mortgage Administrator to release one or more of joint Borrowers from any liability under a Loan and all Related Security, and on the date of such release of any such joint Borrowers to permit a substitute Borrower or Borrowers to take the place and assume the obligations of the released Borrower or Borrowers; and
- (e) determining whether any changes of interest rates applicable to Loans should be made in accordance with the Mortgage Administration Agreement.

Under the Mortgage Administration Agreement, the Issuer will grant the Legal Title-Holder full right, liberty and authority from time to time to determine and set the rate or rates of interest applicable to the Loans in accordance with the terms of such Loans. In respect of the BBBR Mortgages, if BBBR is no longer available, then the Legal Title-Holder will agree in the Mortgage Administration Agreement that the replacement interest rate adopted in accordance with the relevant mortgage conditions will be no lower than the lower of BBR or three month LIBOR.

Pursuant to the Mortgage Administration Agreement, the Legal Title-Holder may replace BBBR as the base rate of certain of the BBBR Loans with the Kensington Base Rate. Such change (a "**Base Rate Change**") shall be implemented by the Legal Title-Holder in accordance with the standard of a Prudent Mortgage Lender and any Applicable Law and shall be subject to the receipt of a Rating Agency Confirmation.

The Legal Title-Holder is entitled to the Legal Title-Holder Fee for the performance by it of the Legal Title-Holder Duties under the Mortgage Administration Agreement payable by the Issuer to the Legal Title-Holder on each Interest Payment Date (subject to and in accordance with the Priority of Payments) of an amount (exclusive of value added tax, if any), equal to 0.03 per cent. of the aggregate Current Balance of the Loans as at the first day of the Determination Period multiplied by the number of days in the Determination Period divided by 365. The Legal Title-Holder is also entitled to be reimbursed by the Issuer for all reasonable costs, expenses and properly paid and/or incurred by the Legal Title-Holder in the performance of the Legal Title-Holder Duties (excluding any costs, expenses and charges of subcontractors or delegates for which the Legal Title-Holder is liable).

The Issuer (prior to the delivery of an Enforcement Notice and with the consent of the Trustee) or the Trustee (after the delivery of an Enforcement Notice) may give written notice to the Legal Title-Holder (with a copy to the Issuer or the Trustee (as the case may be)) that its appointment under the Mortgage Administration Agreement will terminate upon the appointment of a Replacement Legal Title-Holder on the occurrence of certain events of default, including non-performance of its obligations under the Mortgage Administration Agreement or if insolvency or similar events occur in relation to the Legal Title-Holder or if an Enforcement Notice is given and the Issuer and/or the Trustee is of the opinion that the continuation of the appointment of the Legal Title-Holder is materially prejudicial to the interests of the holders of the Most Senior Class.

If a Legal Title-Holder Termination Event occurs, the Issuer (prior to the delivery of an Enforcement Notice with the consent of the Trustee) or (following the delivery of an Enforcement Notice) the Trustee shall (as soon as practicable after such event has come to its attention) give notice in writing to the Legal Title-Holder Facilitator of such occurrence and request it to identify and select a replacement legal title-holder. Upon being so notified, the Legal Title-Holder Facilitator shall use reasonable endeavours to identify and select a replacement legal title-holder within 30 calendar days of the occurrence of the applicable Legal Title-Holder Termination Event and provide details of the Proposed Replacement Legal Title-Holder to the Issuer, the Mortgage Administrator and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Legal Title-Holder, the Issuer shall appoint the Proposed Replacement Legal Title-Holder as Legal Title-Holder, as appropriate, on substantially the same terms as set out in the Mortgage Administration Agreement, **provided, however, that** any such appointment shall be subject to the prior written consent of the Trustee and the Mortgage Administrator.

The appointment of the Legal Title-Holder will also terminate (i) upon the expiry of not less than three months' notice of termination given in writing by the Legal Title-Holder or the Issuer to the other parties to the Mortgage Administration Agreement, provided that there is a sale of the Mortgage Pool (pursuant to the exercise of a call

option or otherwise) or (ii) upon the expiry of not less than six months' notice of termination given in writing by the Legal Title-Holder to the other parties to the Mortgage Administration Agreement, provided that a substitute legal title-holder is appointed.

The Legal Title-Holder may transfer legal title in the Loans to a duly authorised third party or substitute entity at its discretion subject to receipt by the Issuer of a Rating Agency Confirmation. In the event of such a transfer, the Legal Title-Holder shall procure that any Replacement Legal Title-Holder agrees to perform the obligations of the Legal Title-Holder set out in the Mortgage Administration Agreement. Within 10 Business Days of the appointment of a Replacement Legal Title-Holder under the Mortgage Administration Agreement, the Replacement Legal Title-Holder shall notify the Borrowers in writing of its appointment.

Enforcement Procedures

The Legal Title-Holder has established the Enforcement Procedures, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. These same procedures as from time to time varied in accordance with the practice of a Prudent Mortgage Lender (as dictated by the Mortgage Administrator) will continue to be applied in respect of arrears arising on the Mortgages. In this context, the non-discretionary elements of the Enforcement Procedures will be operated by the Mortgage Administrator whereas the majority of the discretionary elements will remain with the Legal Title-Holder, who may appoint the Mortgage Administrator to undertake certain of these elements.

Insurance Contracts

At the time of origination of the Loans, the relevant Property must have been insured by the Borrower under an insurance policy to an amount not less than the full reinstatement value determined at or around the time the related Loan was made. Where the Borrower has allowed his or her insurance policy to lapse, and where the Legal Title-Holder is not aware of that lapse, the Legal Title-Holder and the beneficial owner of the relevant Loan (which, in respect of the Loans in the portfolio, will be the Issuer) will have the benefit of a Contingency Policy. Where the Legal Title-Holder becomes aware that the Borrower has allowed his or her insurance policy to lapse, the Legal Title-Holder has the right to arrange LIO cover in respect of any relevant Property, or to put the relevant Property on a block policy which will be for the benefit of the Legal Title-Holder and the Borrower at the expense of the Borrower. The insurance contracts in place are subject to change by the Legal Title-Holder from time to time.

Arrears and Default Procedures

Set out below is a description of the current arrears and default procedures applied by the Legal Title-Holder and the Mortgage Administrator. These procedures may be changed by the Mortgage Administrator and the Legal Title-Holder in accordance with the Mortgage Administration Agreement and the standards of a Prudent Mortgage Lender and/or as required by Applicable Law and regulation.

The Mortgage Administrator collects all payments due under or in connection with the Loans in accordance with its administration procedures in force from time to time, but having regard to the circumstances of the relevant Borrower in each case.

The Mortgage Administrator identifies a Loan as being "in arrears" when, on any date which is one or more days past the relevant due date, the amount that is unpaid by the Borrower is more than 10 per cent. of the contractual monthly instalment amount owed by the Borrower to the lender on a particular loan.

The arrears are monitored daily and reported at each calendar month end. Contact is made with the Borrower from the point a Loan is identified as being in arrears (i.e. the first day past the relevant due date) and the Mortgage Administrator will continue to contact the Borrower asking for payment of the arrears. The Mortgage Administrator classifies a Loan that is in arrears as a "non-performing mortgage loan" if the relevant Borrower has not made any payment within any period of three consecutive calendar months.

In seeking to control and manage arrears, the Mortgage Administrator from time to time enters into arrangements with Borrowers regarding the arrears, including:

- arrangements to make each payment as it falls due plus an additional amount to pay the arrears over a period of time; and/or
- arrangements to pay only a portion of each payment as it falls due.

Such arrangements will be based on individual customer circumstances and for varying time limits.

Legal proceedings do not usually commence until the arrears are overdue for a period of more than 90 days. However, in many cases legal proceedings may commence later than this. Once legal proceedings have commenced, the Mortgage Administrator may still enter into an arrangement with a Borrower at any time prior to a court hearing, or it may request an adjournment of a court hearing. If the Mortgage Administrator (on behalf of the mortgagee or secured creditor) applies to the court for an order for possession or ejection of the Borrower following a default of the Borrower, the court has discretion as to whether it will grant the order requiring the Borrower to vacate the mortgaged property, and discretion as to the terms upon which the order is granted. If, after the possession order or court decree has been granted, the Borrower does not voluntarily vacate the property, then the Mortgage Administrator will be required to request a warrant for execution by a court officer of the possession order or warrant for ejection. On average over 10 monthly payments may have been missed prior to the Mortgage Administrator obtaining possession or warrant for ejection, assuming no prior mortgage or the imposition of defences. Where a court order for possession is deferred to allow time for payment and the Borrower subsequently defaults in making the payment, the Mortgage Administrator may take any action it considers appropriate, including entering into an arrangement with the Borrower. In all cases, the Mortgage Administrator has a duty of care to the Borrower to act reasonably and fairly.

The Mortgage Administrator has discretion to deviate from these arrears procedures. In particular, the Mortgage Administrator may deviate from these procedures where a Borrower suffers from a mental or physical infirmity, is deceased or where the Borrower is otherwise prevented from making payment due to causes beyond the Borrower's control. This is the case for both sole and joint Borrowers.

After the Legal Title-Holder has obtained possession, the Mortgage Administrator (on its behalf) may take any action it considers appropriate, subject to any fiduciary duties which the Legal Title-Holder may owe to the Borrower, including, but not limited to:

- instructing panel solicitors to complete all conveyancing activities in relation to the sale of the property;
- instructing a panel asset manager and appointing an appropriate local estate agent to market and sell the property by private treaty wherever possible;
- ensuring that the repossessed property is secured;
- obtaining at least two Royal Institution of Chartered Surveyors and estate agent valuations, alongside local area information, such as demographics, unique selling points, previous marketing history and local comparables, which are all used to set the correct marketing price in order to sell the property for the best possible price in the shortest possible time period;
- reviewing marketing and considering price reductions every 30 days. This includes viewings, feedback, online click rates and any other relevant information. Auctions are only considered as a last resort or in the event of severe property defects; and
- carrying out property inspections.

All offers outside of asking price are referred to the Mortgage Administrator and reviewed on an individual basis, with full justification documented for either acceptance or decline. All properties unsold over 90 days are subject to monthly aged stock reviews, where individual strategies are agreed on for each property. When an offer is accepted, a public notice is run both online and in local print media inviting higher offers. Full exchange checks of all costs incurred throughout the sale process are verified against the tariff and approval process before authority is given to exchange. This is replicated at completion to ensure that no further costs have been incurred.

Subject as provided above, the Mortgage Administrator (on behalf of the mortgagee or secured creditor) has discretion as to the timing of any of these actions, including whether to postpone the action for any period of time. The period between the Mortgage Administrator (on behalf of the mortgagee or secured creditor) obtaining possession and sale of a mortgaged property is generally between three and six months.

The Mortgage Administrator subjects all panel solicitors and asset managers to third-party oversight. This includes, but is not limited to, monthly and quarterly performance scorecards, quarterly review meetings, full annual audits and regular site visits/audits.

However, prospective investors should note that the Mortgage Administrator's ability to exercise its power of sale in respect of a mortgaged property is dependent upon mandatory legal restrictions as to notice requirements. In addition, there may be factors outside the Mortgage Administrator's control, such as whether the Borrower contests the sale and the market conditions at the time of sale, that may affect the length of time between the Mortgage Administrator's decision (on behalf of the mortgagee or secured creditor) to exercise the power of sale and final completion of the sale.

The Mortgage Administrator will apply the net proceeds of sale of the mortgaged property against the sums owed by the Borrower to the extent necessary to discharge the mortgage, including any accumulated fees and interest. Where the funds arising from application of these procedures are insufficient to pay all amounts owing in respect of a Loan, the funds are first in paying costs (other than interest), secondly in paying principal and thirdly in paying interest.

At this point the Mortgage Administrator will close the Borrower's account. However, the Borrower remains liable for any deficit remaining after the mortgaged property is sold. The Mortgage Administrator may pursue the Borrower to the extent of any deficiency resulting from the sale, or may write off the balance, if the Mortgage Administrator deems it appropriate to do so.

These arrears and security enforcement procedures may change over time as a result, amongst other things, of a change in the Mortgage Administrator's business practices, a change in the identity of the Mortgage Administrator or a change in any relevant business codes of practice or any legislative or regulatory changes.

Servicing Administrator

The services to be provided by the Mortgage Administration Facilitator (the "**Mortgage Administration Facilitator Services**") and the services to be provided by the Servicer Administrator (the "**Servicer Administrator Services**") are each set out in the Mortgage Administration Agreement.

Servicer Administrator Services

Pursuant to the terms of the Mortgage Administration Agreement, the Servicer Administrator will have a number of ongoing administration rights in relation to the securitisation, including:

- (a) if requested by the Mortgage Administration Facilitator and at the Servicer Administrator's sole discretion, assisting the Mortgage Administration Facilitator, to appoint a replacement Mortgage Administrator;
- (b) following distribution of the investor reports, the right to review those investor reports and flag manifest errors or issues to the Cash Administrator and the Mortgage Administrator;
- (c) the right to review the Performance Reports and flag manifest errors or issues to the Mortgage Administrator;
- (d) receiving an annual third party audit of the Mortgage Administrator (which will include sampling and data integrity (such as verifying the data tape against the Mortgage Administrator's systems and documentation)), and the right to discuss the outcome of that audit in an annual meeting with the Mortgage Administrator and, if a Mortgage Administrator default has occurred as identified in that audit report, the right to notify the Issuer and the Trustee thereof; and
- (e) consultation rights in relation to changes to servicing and collection policies.

In respect of its rights under the Mortgage Administration Agreement, the Servicer Administrator will owe no duty or have any liability to any other party. For the avoidance of doubt, the Servicer Administrator shall have no liability in relation to exercising or failing to exercise its rights under the Mortgage Administration Agreement and shall not be liable to monitor the Mortgage Administrator or the provision of the Services or effect any remediation relating to the Services to be provided by the Mortgage Administrator.

The Issuer will indemnify the Servicer Administrator on demand against any loss, cost, expense or other liability which are incurred by the Servicer Administrator in connection with the performance of its role or the exercise of its rights as Servicer Administrator under the Transaction Documents, save in the case where such loss, cost, expense or other liability is as a result of the Servicer Administrator's fraud, gross negligence or wilful default.

Pursuant to the terms of the Mortgage Administration Agreement, the Servicer Administrator has undertaken not to resign from its appointment as Servicer Administrator for so long as any of the Notes are outstanding.

The Mortgage Administration Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law provided that any terms of the Mortgage Administration Agreement specific to the Law of Scotland relating to the Scottish Loans and their Related Security shall be construed in accordance with Scots Law or which are particular to the Law of Northern Ireland relating to the Northern Irish Loans shall be construed in accordance with Northern Irish Law.

Cash Administration Agreement

The Issuer, the Trustee and the Cash Administrator will enter into, on or about the Issue Date, a cash administration agreement (the "**Cash Administration Agreement**").

Cash Administrator

The Cash Administrator will be authorised to operate the Transaction Account for the purpose of the Cash Administration Agreement. The duties of the Cash Administrator include, *inter alia*:

- (a) making the required ledger entries and calculations in respect of such ledger entries;
- (b) maintaining and/or replenishing the Non-Liquidity Reserve Fund and the Liquidity Reserve Fund on behalf of the Issuer in accordance with the relevant Pre-Enforcement Priority of Payments; and
- (c) distributing the Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments, the Available Principal Funds in accordance with the relevant Pre-Enforcement Principal Priority of Payments and, following (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, distributing available funds in accordance with the Post-Enforcement Priority of Payments and making arrangements for the payment by the Issuer of interest and principal in respect of the Notes subject to the terms thereof and to the availability of funds.

The Cash Administrator will undertake that it will not participate in the creation of any Security Interest or trust arrangement in relation to the Transaction Account other than as contemplated by the Cash Administration Agreement and the Deed of Charge.

If, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders of any Class and/or the Certificateholders) pursuant to the Pre-Enforcement Revenue Priority of Payments and/or the Pre-Enforcement Principal Priority of Payments, the Cash Administrator will rectify the same by increasing or reducing payments to such party (including the Noteholders of any Class and/or the Certificateholders), as appropriate, on each subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Where such an adjustment is required to be made, the Issuer will notify Noteholders and/or the Certificateholders (as applicable) of the same in accordance with the terms of Note Condition 13 (*Notice to Noteholders*) and/or Certificates Condition 11 (*Notice to Certificateholders*) (as applicable). Neither the Issuer nor the Cash Administrator will have any liability to any person for making any such correction.

The Cash Administrator is entitled to charge the Cash Administration Fee for the performance by it of its services under the Cash Administration Agreement.

The Cash Administrator shall be reimbursed for all costs, expenses and charges properly paid and/or incurred by the Cash Administrator in the performance of its services under the Cash Administration Agreement.

The appointment of the Cash Administrator shall be terminated by the Issuer (prior to the delivery of an Enforcement Notice with the consent of the Trustee) or (following the delivery of an Enforcement Notice) the Trustee upon the occurrence of certain events of default or if insolvency or similar events occur in relation to the Cash Administrator or if, following the giving of an Enforcement Notice in relation to the Notes, the Trustee is of the opinion that the continuation of the appointment of the Cash Administration is materially prejudicial to the interests of the holders of the Most Senior Class.

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

SECURITY FOR THE ISSUER'S OBLIGATIONS

To provide security for its obligations under the Notes, the Certificates and the VRL Notes and the other Transaction Documents, the Issuer has entered into the Deed of Charge with the Trustee and the Secured Creditors. A summary of the material terms of the Deed of Charge and the Trust Deed is set out below. The summary does not purport to be complete and is subject to the provisions of the Deed of Charge.

Security

The Issuer has granted the following security to be held by the Trustee for itself and on trust for the benefit of the Secured Creditors (which definition includes the Noteholders and the VRR Loan Noteholder):

- a first fixed equitable charge of the Issuer's right, title, interest and benefit present and future in, to and under the Loans, the Mortgages and Related Security (save, in respect of the Scottish Loans, Scottish Mortgages and their Related Security and any Insurance Contracts relating to the Loans);
- an equitable assignment of the Issuer's interest in the Insurance Contracts to the extent that they relate to the Loans;
- an assignment of the Issuer's right, title, interest and benefit present and future in, to and under the Charged Obligation Documents and all other contracts, agreements, deeds and documents, present and future, to which the Issuer is or may become a party;
- a first fixed equitable charge of the Issuer's right, title, benefit and interest present and future in, to and under the Transaction Account, Collection Accounts and any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest), and all sums of money and securities which may now be or hereafter are from time to time standing to the credit of the Transaction Account, Collection Accounts and any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest), together with all interest accruing from time to time thereon;
- a first fixed equitable charge of the Issuer's right, title, interest and benefit present and future in, to and under the Authorised Investments and all monies, income and proceeds to become payable thereunder or thereon;
- an assignation in security of the Issuer's right, title, benefit and interest in, to and under the Scottish Loans, Scottish Mortgages and their Related Security (comprising the Issuer's beneficial interest under the trust(s) declared by the Legal Title-Holder pursuant to the Scottish Declaration of Trust); and
- a first floating charge over the whole of the Issuer's undertaking and all its property and assets, except for the assets specifically secured by means of fixed charge or otherwise assigned as security by the Deed of Charge (and extending over all of its assets located in or otherwise governed by Scots law).

Security which is expressed to be fixed in nature may take effect as floating security depending on the degree of control which the secured party is given over the relevant assets and the degree to which such secured party exercises such control.

Pre-enforcement and post-enforcement priority of payments

The Note Conditions and the Certificates Conditions set out the order of priority for the application of cash by the Cash Administrator prior to the delivery by the Trustee of an Enforcement Notice to the Issuer.

The Note Conditions and the Certificates Conditions set out the order of priority for the application by the Trustee (or the Cash Administrator on its behalf), following the delivery by the Trustee of an Enforcement Notice to the Issuer, of amounts received or recovered by the Trustee or a receiver appointed on its behalf.

Enforcement

The Security will become enforceable following the delivery by the Trustee of an Enforcement Notice to the Issuer.

Conflicts

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders and Certificateholders equally, provided that where in the opinion of the Trustee there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders or Certificateholders, the Trustee shall have regard only to the interests of the holders of the Most Senior Class. After the Notes and the corresponding portion of the VRR Loan Note have been redeemed in full and so long as there are any Certificates outstanding and there is a conflict between the interest of the Certificateholders and the other Secured Creditors, the Trustee will have regard solely to the interests of the Certificateholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to it and to act in accordance with the applicable Priority of Payments.

For more information on how conflicts between Noteholders are resolved, see Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*).

No enforcement by Secured Creditors

Pursuant to the terms of the Deed of Charge, each of the Secured Creditors (other than the Trustee) has agreed that:

- (i) it shall not be entitled to take, and shall not take, any steps whatsoever to enforce the Security created by or pursuant to the Deed of Charge, or to direct the Trustee to do so; and
- (ii) it shall not be entitled to take, and shall not take, any steps (including, without limitation, the exercise of any right of set-off) for the purpose of recovering any of the Secured Amounts owing to it or any other debts whatsoever owing to it by the Issuer or procuring the winding-up or administration (which includes, for the avoidance of doubt, filing of documents with a court or service of a notice of intention to appoint an administrator or liquidation of the Issuer or the making of a court protection order in relation to the Issuer in respect of any of its liabilities whatsoever),

provided that, if the Trustee or the Receiver, having become bound to do so, fails to serve an Enforcement Notice and/or to take any steps or proceedings to enforce such Security pursuant to the Deed of Charge within a reasonable time, and such failure is continuing, the Secured Creditors shall be entitled to take any such steps and/or actions and/or proceedings as they 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).

Fees, expenses and indemnity

The Issuer is required to:

- pay to the Trustee a fee of such amount and on such dates as will be agreed from time to time by the Trustee and the Issuer;
- reimburse the Trustee for all costs and expenses properly incurred by it in acting as Trustee; and
- indemnify the Trustee and the Receiver and their respective officers, agents and employees and any manager, attorney, delegate or receiver or other person appointed under the Deed of Charge, Main Collection Account Declaration of Trust, F Collection Account Declaration of Trust or R Collection Account Declaration of Trust from and against all Liabilities (including, but not limited to, all costs, charges and expenses properly incurred in disputing or defending the foregoing) which any of them may from time to time incur or may from time to time be made against it, including but not limited to (in the case of the Trustee, whether before or after the Deed of Charge has become enforceable):
 - in consequence of the performance of the terms of the Deed of Charge, the Trust Deed or any of the other Transaction Documents to which the Trustee is a party, or anything done or purported to be done or omitted by any of them under or in connection with the Deed of Charge, the Trust Deed or any of the other Transaction Documents to which the Trustee is a party or of any failure by the Issuer to comply with its obligations to any of them under or in connection with these presents or any other Transaction Document; or
 - in consequence of any payment in respect of the Secured Amounts (whether made by the Issuer or a third person) being impeached or declared void for any reason whatsoever,

except where the same is caused by the fraud, gross negligence or wilful default of the person claiming to be entitled to be indemnified.

Retirement and removal

Subject to the appointment of a successor Trustee, the Trustee may retire after giving three months' notice in writing to the Issuer. If within 60 days of having given notice of its intention to retire, the Issuer has failed to appoint a replacement Trustee, the outgoing Trustee will be entitled to appoint a successor (**provided that** such successor is acceptable to the Rating Agencies and agrees to be bound by the terms of the Deed of Charge). The holders of the Most Senior Class of Notes by Extraordinary Resolution may remove the Trustee or appoint a new Trustee at any time. The Trustee may, subject to the conditions specified in the Trust Deed, appoint a co-trustee to act jointly with it.

Additional provisions of the Trust Deed

The Trust Deed contains a range of provisions regulating the scope of the Trustee's duties and liabilities. These include the following:

- the Trustee is not responsible for the legality, admissibility in evidence, adequacy or enforceability of the Trust Deed or any other Transaction Document;
- the Trustee may assume that no Event of Default or Potential Event of Default has occurred unless the Trustee has received express written notice to the contrary;
- the Trustee is not required to monitor or supervise the functions of the Issuer or of any other person under any Transaction Document;
- the Trustee has the power to determine all questions arising in relation to the Trust Deed entered into by the Issuer and every determination made shall bind the Noteholders and the Certificateholders;
- each Noteholder, Certificateholder and each other Secured Creditor must make its own independent appraisal, without reliance on the Trustee, as to the financial condition and affairs of the Issuer;
- the Trustee will not be liable for anything done or not done by it under the Transaction Documents unless caused by the Trustee's fraud, gross negligence or wilful default;
- the Trustee may accept such title as the Issuer has to the Security and will not be required to investigate or make inquiry into the Issuer's title to such Security;
- the Trustee will not be responsible for any deficiency or additional payment as the case may be which may arise because it is liable to tax in respect of Security or the proceeds of such Security; and
- the Trustee is not required to take steps, proceedings and/or actions in connection with the Transaction Documents (including enforcing the Security) unless whilst the Notes are outstanding, it has been directed or instructed to do so by 25 per cent. the holders of the Most Senior Class in writing or by an Extraordinary Resolution of the holders of the Most Senior Class **provided that** it has been indemnified and/or secured and/or pre-funded to its satisfaction.

Governing law

The Trust Deed and the Deed of Charge and any non-contractual obligations arising out of or in connection with them are governed by and construed in accordance with English law (save that the Scottish Trust Security is governed by and construed in accordance with Scots law, and that any provisions which are particular to the laws of Northern Ireland are construed in accordance with the laws of Northern Ireland).

WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Loans.

The model used in this Prospectus for the Loans represents an annualised constant prepayment rate ("CPR") each month relative to the then outstanding principal balance of a pool of mortgage loans. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgages to be included in the Completion Mortgage Pool.

The following tables were prepared based on the characteristics of the Loans (other than the Ineligible Loans) to be included in the Mortgage Pool and the following additional assumptions (the "**Modelling Assumptions**"):

- (a) Cut-off date of the mortgage pool is 15 August 2019 and Issue Date for transaction has been assumed as 27 August 2019;
- (b) As of the Cut-Off Date, the aggregate current balance of the Mortgage Pool backing the Notes and the VRR Loan Note is approximately £2,519,077,220;
- (c) All Determination Periods (excluding the first Determination Period) are assumed to be exactly three months long;
- (d) All Interest Periods (including the first Interest Period) are assumed to be exactly three months long;
- (e) There are no further advances, Redraws or Payment Holidays requested by the borrower from the Cut-Off Date until maturity of the corresponding loans;
- (f) If the current interest rate on a Loan is zero per cent., then the interest rate applicable throughout the life of the loan will be zero per cent.;
- (g) The remaining term has been calculated as maximum of (i) difference between maturity date and Cut-off Date divided by (365/12) and (ii) 1;
- (h) Loans which are past their maturity date as at 15 June 2019 have had their maturity date extended by 16 months;
- (i) The day count applicable to the Loans is 30/360. The day count applicable to the Notes is Actual/365;
- (j) No delinquencies or defaults are assumed for the life of the transaction;
- (k) No Revenue Shortfall or Interest Shortfall occurs during the life of the transaction;
- (l) No Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (m) The Mortgage Pool will be exercised at par resulting in a redemption of the Notes on the Step-Up Date in August 2022;
- (n) Note sizes (as a percentage of the Mortgage Pool balance as of the Cut-Off Date and excluding the VRR Proportion) assumed as follows: Class A: 82.25 per cent., Class B: 6.00 per cent., Class C: 2.75 per cent., Class D: 0.90 per cent., Class E: 1.80 per cent., Class F: 1.80 per cent.; Class G: 1.00 per cent., Class H: 3.50 per cent., Class X: 1.20 per cent., Class Z1: 0.65 per cent. and Class Z2: 0.40 per cent.;
- (o) The Liquidity Reserve Amount has an initial balance equal to £46,618,672.50 and Non-Liquidity Reserve Amount has an initial balance equal to £10,060,560;
- (p) the amount on deposit and credited to the Reserve Fund are invested in Authorised Investments at an assumed investment rate of SONIA minus 0.3 per cent. and based on a day count fraction of Actual/365;
- (q) The Mortgage Administration Fee and Legal Title Holder Fee are equal to the product of (i) 0.11% per annum (computed on the basis of a 360-day year made up of twelve 30-day months) and (ii) the aggregate current Balance of the Loans in the Mortgage Pool as at the first day of the Determination Period. This fee

shall be subject to a floor of £165,000 per calendar month given the earlier of (A) the tenth anniversary of the Issue Date or (B) the date on which the aggregate Current Balance of the Loans in the Mortgage Pool falls below £1,000,000,000. Also this fees (including applicable floor) is subject to Senior Servicing Fee Cap equal to the product of (i) 0.50% per annum (computed on the basis of a 360-day year made up of twelve 30-day months) and (ii) aggregate current Balance of the Loans in the Mortgage Pool as at the first day of the Determination Period;

- (r) Other Annual Fees equal to £140,000 per annum paid quarterly on each Interest Payment Date (commencing on the November 2019 Interest Payment Date); and
- (s) Interest Rate Indices will assume to have values as given in table below and will remain the same over the life-time of the transaction until the maturity of the Loan with the longest maturity.

Interest Rate Index	Value (%)
BARCLAYS	0.750
Bank of England Base Rate	0.750
FNB	3.500
KMBR	3.965
LOMBARD	3.500
MBS-SCVR	3.500
MBS-SVR	3.500
NATWEST	0.750
SCVR	3.500
SVR	3.500

The actual characteristics and performance of the Loans are likely to differ from the assumptions used in constructing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Loans. Moreover, the diverse remaining terms to maturity of the Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Loans is assumed.

Any difference between such assumptions and the actual characteristics and performance of the Loans will cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

Weighted Average Life in Years

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each Class of Notes by the number of years from the date of issue of the Notes to the related Interest Payment Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in item (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Notes. The weighted average lives of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes have been calculated on an Actual/365 basis.

Weighted Average Life in Years (assuming a call option is exercised on the first Call Option Date)

Tranche	CPR										
	0	2	4	6	8	10	12	14	16	18	20
A	2.75	2.66	2.57	2.48	2.40	2.31	2.23	2.15	2.07	1.99	1.92
B	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
C	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
D	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
E	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
F	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
G	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
H	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99	2.99
X	0.61	0.61	0.61	0.60	0.60	0.59	0.59	0.59	0.58	0.58	0.57

Weighted Average Life in Years (assuming call option is not exercised on and after the Call Option Date)

Tranche	CPR										
	0	2	4	6	8	10	12	14	16	18	20
A	7.17	6.26	5.49	4.83	4.29	3.83	3.44	3.11	2.82	2.58	2.37
B	12.99	12.68	12.27	11.63	10.81	10.02	9.29	8.59	7.96	7.38	6.82
C	13.40	13.09	12.80	12.47	11.98	11.25	10.43	9.75	9.08	8.45	7.89
D	13.73	13.26	12.99	12.74	12.40	11.84	11.10	10.31	9.66	9.04	8.42
E	13.92	13.56	13.20	12.91	12.63	12.24	11.61	10.87	10.15	9.52	8.91
F	14.56	13.92	13.58	13.26	12.95	12.65	12.27	11.68	10.99	10.30	9.68
G	15.39	14.46	13.94	13.61	13.31	13.01	12.69	12.34	11.77	11.11	10.43
H	16.26	15.35	14.62	14.21	13.88	13.57	13.18	12.89	12.50	12.06	11.47
X	0.61	0.61	0.61	0.60	0.60	0.59	0.59	0.59	0.58	0.58	0.57

DESCRIPTION OF THE VRR LOAN NOTE

The Issuer will create the vertical risk retention loan note (the "**VRR Loan Note**") on the Issue Date. As at the Issue Date, the principal amount of the VRR Loan Note (the "**VRR Principal Amount**") will be equal to £126,621,000, being no less than 5 per cent. of (100/95) of the aggregate principal amount of the Notes and the Certificates (and, for the avoidance of doubt, the Certificates do not have a principal amount other than for voting and quorum purposes as set out in the Note Conditions and the Certificates Conditions). Intertrust Management Limited will act as the VRR Registrar (the "**VRR Registrar**") and will maintain a register in relation to the VRR Loan Note.

The holder of the VRR Loan Note (the "**VRR Loan Noteholder**") will be entitled to receive the Pre-Enforcement Revenue VRR Share, the Pre-Enforcement Principal VRR Share and the Post-Enforcement VRR Share in accordance with the relevant Priority of Payments and the VRR Proportion of any other amounts payable to Noteholders or Certificateholders not otherwise captured above and such amounts shall be applied as VRR Payment Amounts.

The VRR Loan Note Agreement contains the terms of the VRR Loan Note, which are summarised in this section. In this section:

"**Net Available Funds**" means the aggregate of Net Available Revenue Funds and Net Available Principal Funds.

"**Net Available Principal Funds**" means all amounts available to be applied in accordance with the Pre-Enforcement Principal Priority of Payments after application of item (i) of the Pre-Enforcement Principal Priority of Payments.

"**Net Available Revenue Funds**" means all amounts available to be applied in accordance with the Pre-Enforcement Revenue Priority of Payments after application of items (i) to (iv) of the Pre-Enforcement Revenue Priority of Payments.

"**Post-Enforcement Net Available Funds**" means all amounts available to be applied in accordance with the Post-Enforcement Priority of Payments after application of items (i) to (iii) of the Post-Enforcement Priority of Payments.

"**Post-Enforcement VRR Share**" means 5 per cent. of the Post-Enforcement Net Available Funds.

"**Pre-Enforcement Revenue VRR Share**" means 5 per cent. of the Net Available Revenue Funds.

"**Pre-Enforcement Principal VRR Share**" means 5 per cent. of the Net Available Principal Funds.

"**VRR Loan Note Agreement**" means the agreement dated on or about the Issue Date pursuant to which the Issuer agrees to create the VRR Loan Note in favour of the VRR Loan Noteholder.

"**VRR Other Payment Amounts**" means the VRR Proportion of any other amounts payable to Noteholders or Certificateholders which do not constitute a VRR Pre-Enforcement Revenue Payment Amount, a VRR Pre-Enforcement Principal Payment Amount or a VRR Post-Enforcement Payment Amount.

"**VRR Post-Enforcement Payment Amount**" means 5 per cent. of the Post-Enforcement Net Available Funds.

"**VRR Pre-Enforcement Revenue Payment Amount**" means 5 per cent. of Net Available Revenue Funds.

"**VRR Pre-Enforcement Principal Payment Amount**" means 5 per cent. of Net Available Principal Funds.

Status and Security

The obligations of the Issuer in respect of the VRR Loan Note constitutes direct, secured and limited recourse obligations of the Issuer.

As security for its obligations under, *inter alia*, the VRR Loan Note, the Issuer has granted the Security in favour of the Trustee on trust for itself, the VRR Loan Noteholder, the Noteholders, the Certificateholders and the other Secured Creditors.

Transfer

The VRR Loan Noteholder may not transfer or assign its interest in the VRR Loan Note without first obtaining the prior written consent of the Issuer and following the procedures in the VRR Loan Note Agreement.

VRR Payment Amounts

The Issuer will pay to the VRR Loan Noteholder, on each Interest Payment Date or such other date that distributions are made to the Noteholders or Certificateholders, the VRR Proportion of all amounts paid to Noteholders and the Certificateholders (collectively, the "**VRR Payment Amounts**"). Such amounts payable in respect of the VRR Loan Note shall consist of the VRR Pre-Enforcement Revenue Payment Amount, the VRR Pre-Enforcement Principal Payment Amount, the VRR Post-Enforcement Payment Amount and the VRR Other Payment Amount, as applicable (see "*Terms and Conditions of the Notes*").

The VRR Loan Note shall redeem in part on each Interest Payment Date as set out in "*Mandatory repayment of the VRR Loan Note*" below. The VRR Loan Noteholder shall cease to be entitled to any VRR Payment Amounts from the date of redemption in full (or extinguishment) of all (but not some only) of the Notes and the cancellation of all of the Certificates. On the date of redemption in full (or extinguishment) of all (but not some only) of the Notes and the cancellation of the Certificates and after the distribution of any monies to the Noteholders and the Certificateholders on such date, the VRR Loan Note shall be cancelled.

Final Repayment of the VRR Loan Note

The Issuer shall repay to the VRR Loan Noteholder the outstanding VRR Principal Amount in full (together with any VRR Other Payment Amounts then payable) on the date of redemption in full (or extinguishment) of all (but not some only) of the Notes and the cancellation of all of the Certificates. Other than as set out below in "*Mandatory repayment of the VRR Loan Note*" the Issuer may not repay the outstanding VRR Principal Amount in whole or in part prior to such date except as provided in the VRR Loan Note Agreement.

Mandatory repayment of the VRR Loan Note

Unless the outstanding VRR Principal Amount has been previously repaid in full and cancelled, the Issuer shall repay to the VRR Loan Noteholder the outstanding VRR Principal Amount:

- (a) on each date on which there is a redemption of the Notes, in accordance with the Priority of Payments, in an amount equal to the aggregate of:
 - (i) the VRR Pre-Enforcement Principal Payment Amounts received on such date; and
 - (ii) any VRR-Post-Enforcement Payment Amounts and any accrued but unpaid VRR Pre-Enforcement Revenue Payment Amounts received on such date; and
- (b) on any date on which there is a redemption of the Notes other than in accordance with the Priority of Payment, in an amount equal to the VRR Proportion of any principal amount of the Notes redeemed on such date,

(the amounts in paragraphs (a) and (b) above being "**VRR Principal Payment Amounts**) together with any VRR Other Payment Amount payable on such date.

Optional repayment for tax and other reasons and Regulatory Change Event

If the conditions set out in Note Condition 5(e) (*Optional Redemption in Full*), Note Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) or Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) are satisfied, on the date on which the Notes are redeemed and the Certificates are cancelled, the Issuer shall repay to the VRR Loan Noteholder the outstanding VRR Principal Amount in full together with any other VRR Payment Amounts payable on such date or if the conditions set out in Note Condition 5(d) (*Mandatory Redemption*) are satisfied the Issuer shall repay the VRR Loan Notes in any amount equal to the VRR Proportion of the amounts applied to redeem the Notes in accordance with Note Condition 5(d) (*Mandatory Redemption*).

VRR Principal Amount

On any date of determination following the Issue Date, the VRR Principal Amount shall be equal to the VRR Principal Amount on the Issue Date less the aggregate amount of principal repayment made to the VRR Loan Noteholder in respect of the VRR Loan Note since the Issue Date. Each of the Cash Administrator and the VRR Registrar shall keep a record of the VRR Principal Amount.

Taxation

All VRR Payment Amounts payable by or on behalf of the Issuer are required to be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**VRR Loan Note Taxes**"), unless the Issuer is required by applicable law in any jurisdiction to make any payment in respect of the VRR Loan Note subject to any such withholding or deduction. In that event, the Issuer 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. The Issuer shall not be obliged to make any additional payments to the VRR Loan Noteholder in respect of such withholding or deduction on account of VRR Loan Note Taxes.

Events of Default

Upon the service of an Enforcement Notice on the Issuer in accordance with the Conditions of the Notes (see Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*)), the Issuer shall be required to repay to the VRR Loan Noteholder the VRR Principal Amount in full together with all other VRR Payment Amounts due in accordance with the Priority of Payments.

The VRR Loan Noteholder will have no separate ability to accelerate amounts owed in respect of the VRR Loan Note.

Enforcement

The Trustee may, at any time, at its discretion and without notice, take such action under or in connection with any of the Transaction Documents as it may think fit (including, without limitation, taking any action under or in connection with any of the Transaction Documents or, after the occurrence of an Event of Default, taking steps to enforce the security constituted by the Deed of Charge), subject to the terms of the Trust Deed, the Note Conditions and the Certificates Conditions.

The VRR Loan Noteholder will have no ability to direct the Trustee in relation to the enforcement of the Security.

Limit on VRR Loan Noteholder action, limited recourse and non-petition

The VRR Loan Noteholder is not entitled to proceed directly against the Issuer or any other Secured Creditor or any other party to any of the Transaction Documents to seek to enforce the Security or to enforce the performance of any of the provisions of the Transaction Documents and/or to take proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, except if the Trustee having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing, provided that the VRR Loan Noteholder shall not be entitled to petition or to take any action or other steps or proceedings to procure the winding-up, administration, dissolution, court protection, examinership, reorganisation, receivership, liquidation, bankruptcy or other insolvency proceeding of the Issuer or for the appointment of a manager, receiver, receiver manager, administrative receiver, trustee, liquidator, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets. Any proceeds received by the VRR Loan Noteholder pursuant to any such proceedings brought by the VRR Loan Noteholder shall be paid promptly following receipt thereof to the Trustee for application pursuant to the Deed of Charge.

Notwithstanding any other provision of the Trust Deed, the VRR Loan Note Agreement or any provision of any Transaction Document, all obligations of the Issuer to the VRR Loan Noteholder are limited in recourse to the Charged Assets. If on enforcement or realisation of the Charged Assets and distribution of its proceeds in accordance with the applicable Priority of Payments there are insufficient amounts available to pay in full amounts outstanding under the VRR Loan Note, the Notes, the Certificates or the Transaction Documents, none of the VRR Loan Noteholder, the Trustee or the other Secured Creditors may take any further steps against the Issuer in respect of any such amounts and such amounts shall be deemed to be discharged in full and all claims against the Issuer in respect of payment of such amounts will be extinguished and discharged.

Subject to the Trustee's rights and powers under the Deed of Charge, none of the Trustee, the VRR Loan Noteholder or the other Secured Creditors will be entitled to petition or take any action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, receivership, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of an administrator, manager, receiver, receiver manager, examiner, administrative receiver, trustee, liquidator, examiner, sequestrator or similar

officer in respect of the Issuer or any of its revenues or assets, provided that the Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another non-affiliated party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Deed of Charge or the other Transaction Documents.

Modification and Waiver

For so long as the VRR Loan Note is outstanding, the Trustee is required to have regard to the interests of the Noteholders and the Certificateholders (subject always to the VRR Entrenched Rights) as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise in the Trust Deed, the Note Conditions or the Certificates Conditions). Save in respect of a Basic Terms Modification and the VRR Entrenched Rights, if, in the opinion of the Note Trustee, there is a conflict between one or more classes of Notes or Certificates, on the one hand, and the interests of the VRR Loan Noteholder, on the other hand, the Trustee shall have regard only to the interests of the relevant affected Class of Notes or Certificates ranking in priority to other relevant Classes of Notes or Certificates in the Pre-Enforcement Revenue Priority of Payments and not to the interests of the VRR Loan Noteholder, save where the VRR Entrenched Rights are affected (in which case the Trustee will have regard to the interests of the VRR Loan Noteholder).

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the VRR Loan Noteholder if passed in accordance with the Conditions, provided that no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver which affects any VRR Entrenched Rights, unless the VRR Loan Noteholder has consented to such modification or waiver in writing.

"**VRR Entrenched Rights**" means any of the following:

- (a) any modification or waiver which affects the rights of the VRR Loan Noteholder which, if made, would be adverse to the VRR Loan Note where a corresponding modification or waiver was not simultaneously made to or in respect of the other Classes of Notes on an equivalent basis;
- (b) any modification or waiver which affects the VRR Loan Noteholder's entitlement to 5 per cent. of the Net Available Revenue Funds, Net Available Principal Funds and Post-Enforcement Net Available Funds as applicable;
- (c) any modification or waiver which affects the capital treatment of the VRR Loan Noteholder's interest in the Loans or the VRR Loan Note, as determined by way of an opinion of a reputable accountancy firm chosen by the VRR Loan Noteholder (such opinion to be provided within 30 days of the VRR Loan Noteholder being provided with final drafts of all documents effecting or relating to such modification or waiver);
- (d) any modification or waiver which puts the VRR Loan Noteholder in breach of its obligations under the Securitisation Regulation, as determined by way of an opinion of a reputable law firm chosen by the VRR Loan Noteholder (such opinion to be provided within 30 days of the VRR Loan Noteholder being provided with final drafts of all documents effecting or related to such modification or waiver);
- (e) any modification to the Mortgage Pool Option Purchase Price; or
- (f) a modification to this definition of "**VRR Entrenched Rights**".

Governing Law and Submission to Jurisdiction

The VRR Loan Note Agreement will be governed by, and shall be construed in accordance with, English law and subject to the jurisdiction of the English courts.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1 Form

As at the Issue Date, each Class of Notes will be represented either a Rule 144A Global Note and/or a Reg S Global Note, as applicable (each, a **Global Note**), in fully registered form without interest coupons or principal receipts. Beneficial interests in a Rule 144A Global Note may only be held through Euroclear or Clearstream, Luxembourg. Beneficial interests in a Reg S Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants. The Notes are not issuable in bearer form. The Rule 144A Global Notes will have an ISIN and a Common Code. The Reg S Global Notes will have an ISIN and a Common Code. The Notes will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg to be held under the New Safekeeping Structure ("NSS").

2 Nominal Amount

The Global Notes shall only be entered into the records of Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (each a relevant "**Clearing System**") permitted to hold the Global Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations. On 6 September 2012 the Governing Council of the European Central Bank announced that sterling denominated debt instruments issued and held in the euro area will be eligible collateral from 9 November 2012 until further notice. As such and subject to their inclusion on the European Central Bank's eligible assets list, the Global Notes are expected to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit options by the Eurosystem as at the Issue Date. Note that this does not necessarily mean, and no assurance is given by the Issuer or the Joint Lead Managers, that, should the Global Notes be recognised as eligible collateral, they will remain recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem during their entire life. Such recognition may cease upon the European Central Bank modifying the Eurosystem eligibility criteria.

The Global Notes will be issued and held under the NSS and are intended upon issue to be deposited with, and registered in the nominee name of, a common safekeeper on behalf of one of Euroclear or Clearstream, Luxembourg.

The Trustee will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

3 Issuance of Definitive Notes

Holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form ("**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if:

- (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise);
- (b) announce an intention permanently to cease business and do so cease to do business; or
- (c) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Notes which would not be required were the Notes in definitive form.

In order to receive a Definitive Note a person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes.

Any Definitive Notes issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Note for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only, provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £250,000 (or its equivalent) that are not integral multiples of £1,000. In such case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

4 **Payments**

Payments of principal and interest in respect of Notes represented by the Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Safekeeper or its nominees in respect of those Book-Entry Interests.

5 **Book-Entry Interests**

Book-Entry Interests in respect of Global Notes will be recorded in denominations of £250,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit integral multiples of £1,000 in excess thereof (a "**Minimum Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants).

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each Record Date, Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date, in respect

of the Notes shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "Clearing System Business Day" means a day on which each clearing system for which the Notes are being held is open for business. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers, the Sponsors or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may, therefore, impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Safekeeper, as applicable, is the registered holder of the respective Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the relevant Global Note for all purposes under the Trust Deed and the Agency Agreement. Except as set forth under "*Issuance of Definitive Notes*" above, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in respect of the Global Note and the Book-Entry Interests*" below.

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

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of a nominee of the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the respective Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each respective Global Note, as the case may be, on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

6 Transfer and Transfer Restrictions

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Notes in breach of certain of such representations and agreements will result

in affected Notes becoming subject to certain forced transfer provisions. See Note Condition 1(b) (*Title and transfer*).

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*", and the holder of any Rule 144A Global Note or any Book-Entry Interest in such Rule 144A Global Note will be deemed to undertake that it will not transfer such Notes except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same Class whether before or after the expiration of the period ending 40 days after the later of the commencement of the offering of the Notes and the Issue Date (the "**Distribution Compliance Period**"), only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act.

Each Reg S Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*". Prior to the expiration of the Distribution Compliance Period, a Book-Entry Interest in a Reg S Global Note of a particular Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest in a Reg S Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Reg S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Reg S Global Note as long as it remains such a Book-Entry Interest.

7 Action in respect of the Global Note and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*Book-Entry Interests* above", with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

8 Trading between Clearing System participants

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

9 Notices

So long as the Notes are in global form and held on behalf of a relevant Clearing System, notices to Noteholders may be given by simultaneous delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions and will be deemed to be delivered on the date and time on which notice is given to Euroclear and Clearstream.

10 Prescription

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate relevant date (as described in Note Condition 7 (*Prescription*)).

11 Purchase and Cancellation

On cancellation of any Note required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

12 Trustee's Powers

In considering the interests of Noteholders while the Global Note is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holder of the Global Note.

13 Information regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- (a) Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- (b) Euroclear and Clearstream, Luxembourg each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- (c) Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

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

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

The Global Certificates contain provisions which apply to the Certificates while they are in global form, some of which modify the effect of the terms and conditions of the Certificates set out in this Prospectus. The following is a summary of certain of those provisions:

1 Form

All Certificates will be issued in fully registered form and will be represented, on issue, by the Global Certificates.

The Certificates are not issuable in bearer form.

2 Amount

Each S Certificate represents the *pro rata* entitlement to receive the Class S Payment.

Each R Certificate represents the *pro rata* entitlement to receive a Residual Payment.

The amount of the Global Certificates shall be the aggregate amount from time to time entered in the records of Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Trustee (each a relevant "**Clearing System**").

The Certificates are intended upon issue to be deposited with, and registered in the nominee name of, a common depository.

The records of such relevant Clearing System shall be conclusive evidence of the amount of Certificates represented by the Global Certificates and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Trustee will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book Entry Interests or for maintaining, supervising or reviewing any records relating to such Book Entry Interests.

3 Issuance of Definitive Certificates

Holders of Book-Entry Interests in the Global Certificates will be entitled to receive certificates evidencing definitive certificates in registered form ("**Definitive Certificates**") in exchange for their respective holdings of Book-Entry Interests if:

- (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise); r
- (b) announce an intention permanently to cease business and do so cease to do business; or
- (c) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Certificates which would not be required were the Certificates in definitive form.

In order to receive a Definitive Certificate a person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Certificates.

Any Definitive Certificates issued in exchange for Book-Entry Interests in a Global Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Certificates issued in exchange for Book-Entry Interests in a Global Certificate, as the case may be, will not be entitled to exchange such Definitive Certificate, for Book-Entry Interests in a Global Certificate. Any Certificates

issued in definitive form will be issued in registered form only, provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Certificate.

4 Payments

Residual Payments in respect of R Certificates represented by the Global Certificate will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Depository or its nominees in respect of those Book-Entry Interests.

5 Book-Entry Interests

Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants).

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each Record Date, Euroclear and Clearstream, Luxembourg will determine the identity of the Certificateholders for the purposes of making payments to the Certificateholders. The Record Date, in respect of the Certificates, shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "Clearing System Business Day" means a day on which each clearing system for which the Certificates are being held is open for business. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Joint Lead Managers, the Sponsors or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may, therefore, impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Depository, as applicable, is the registered holder of the respective Global Certificates underlying the Book-Entry Interests, the nominee of the Common Depository will be considered the sole Certificateholder of the relevant Global Certificate for all purposes under the Trust Deed and the Agency Agreement. Except as set forth under "*Issuance of Definitive Certificates*" above, Participants or Indirect Participants will not be entitled to have Certificates registered in their names, will not receive or be entitled to receive physical delivery of Certificates in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-

Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See "*Action in respect of the Global Certificate and the Certificate Book-Entry Interests*" below.

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

Unless and until Book-Entry Interests in the Global Certificates are exchanged for Definitive Certificates, the Global Certificates registered in the name of a nominee of the Common Depository may not be transferred except as a whole by the Common Depository to a successor of the Common Depository.

Purchasers of Book-Entry Interests in a Global Certificate will hold Book-Entry Interests in the respective Global Certificates relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Certificate directly through Euroclear or Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each respective Global Certificate, as the case may be, on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

6 Transfer

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see "*Book-Entry Interests*" above).

Beneficial interests in the Global Certificate may be held only through Euroclear or Clearstream, Luxembourg.

7 Action in respect of the Global Certificate and the Certificate Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of the Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Certificate Book-Entry Interests or the Global Certificate and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book-Entry Interests or the Global Certificate in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*Book-Entry Interests*", with respect to soliciting instructions from their respective Participants.

8 Trading between Clearing System participants

Secondary market sales of Book-Entry Interests in the Certificates held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

9 Notices

So long as the Certificates are in global form and held on behalf of a relevant Clearing System, notices to Certificateholders may be given by simultaneous delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Certificates Conditions and will be deemed to be delivered on the date and time at which notice is delivered to Euroclear and Clearstream.

10 Meetings

The holder of the Global Certificate shall be treated as being two persons for the purposes of meeting the quorum requirements of a meeting of Certificateholders.

11 Purchase and Cancellation

On cancellation of any Certificate required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Certificates recorded in the records of the relevant Clearing Systems and represented by this Global Certificate shall be reduced by the aggregate nominal amount of the Certificates so cancelled.

12 Trustee's Powers

In considering the interests of Certificateholders while the Global Certificate is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holder of the Global Certificate.

13 Information regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- (a) Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- (b) Euroclear and Clearstream, Luxembourg each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- (c) Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

- (d) An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any Applicable Laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.
- (e) The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants

TERMS AND CONDITIONS OF THE NOTES

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

The issue of £1,935,215,000 A Notes due May 2053 (the "**A Notes**"), £141,171,000 B Notes due May 2053 (the "**B Notes**"), £64,703,000 C Notes due May 2053 (the "**C Notes**"), £21,176,000 D Notes due May 2053 (the "**D Notes**"), £42,351,000 E Notes due May 2053 (the "**E Notes**"), £42,351,000 F Notes due May 2053 (the "**F Notes**"), £23,528,000 G Notes due May 2053 (the "**G Notes**"), £82,350,000 H Notes due May 2053 (the "**H Notes**"), £28,236,000 X Notes due May 2053 (the "**X Notes**"), £15,293,000 Z1 Notes due May 2053 (the "**Z1 Notes**"), £9,411,000 Z2 Notes due May 2053 (the "**Z2 Notes**" and together with the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes and the Z1 Notes, the "**Notes**") of Hawksmoor Mortgage Funding 2019-1 PLC (the "**Issuer**") was authorised by a resolution of the board of directors of the Issuer passed on 24 July 2019. Together, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes are the "**Rated Notes**".

The Notes are constituted by a trust deed (as amended or modified from time to time, the "**Trust Deed**") dated on or about 27 August 2019 (the "**Issue Date**") between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**") as trustee for the holders of the Notes (the "**Noteholders**"). Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or Noteholders shall be a reference to, as the case may be, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes and the Z2 Notes or to the respective holders thereof. The Issuer will on the Issue Date issue the VRR Loan Note to the VRR Loan Noteholder.

These Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Notes, (2) the agency agreement (the "**Agency Agreement**") dated the Issue Date relating to the Notes between, among others, the Issuer, the Trustee, Elavon Financial Services DAC, UK Branch as agent bank (the "**Agent Bank**"), Elavon Financial Services DAC, UK Branch as principal paying agent (the "**Principal Paying Agent**"), Elavon Financial Services DAC as registrar (the "**Registrar**"), and the other paying agents named in it (the Principal Paying Agent and any other or further paying agent appointed under the Agency Agreement, the "**Paying Agents**" and together with the Registrar and the Agent Bank, the "**Agents**"), (3) the deed of charge and assignment (the "**Deed of Charge**") dated the Issue Date between the Issuer and the Trustee, and (4) the cash administration agreement (the "**Cash Administration Agreement**") dated the Issue Date between, *inter alios*, the Issuer and U.S. Bank Global Corporate Trust Limited as cash administrator (the "**Cash Administrator**").

In these Note Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the Master Definitions Schedule dated on or about the Issue Date and signed for the purpose of identification by, *inter alios*, the Issuer and the Trustee.

Copies of the Trust Deed, the Agency Agreement, the Deed of Charge, the Cash Administration Agreement, the Master Definitions Schedule and the other Transaction Documents (which, in the case of each Scottish Declaration of Trust, will be in redacted form) are available (i) for inspection during usual business hours at the specified offices from time to time of the Principal Paying Agent and (ii) online at www.euroabs.com and will be available in such manner for at least as long as the Notes are admitted to listing on Euronext Dublin and the guidelines of Euronext Dublin so require. The Noteholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Agency Agreement, the Deed of Charge, the Master Definitions Schedule and the other Transaction Documents.

1 Form, Denomination and Title

(a) Form and denomination

- (i) The Notes are in fully registered form in the denominations of £250,000 and integral multiples of £1,000 in excess thereof up to and including £499,000. No definitive Notes will be issued with a denomination above £499,000.
- (ii) The Notes of each Class will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.
- (iii) For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of, with respect to the Rule 144A Global Notes, and with respect to the Reg S Global Notes, Euroclear Bank SA/NV or Clearstream Banking, Luxembourg as appropriate.
- (iv) The aggregate nominal amount of each Class of Notes initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S ("**Reg S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") is represented by one or more global registered notes in fully registered form (the "**Reg S Global Notes**") without coupons attached. The aggregate nominal amount of the Rule 144A Notes initially offered and sold within the United States to persons who are "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act ("**Rule 144A**"), in transactions made in accordance with Rule 144A, is represented by one or more global registered notes in fully registered form without coupons attached (the "**Rule 144A Global Notes**" and together with the Reg S Global Notes, the "**Global Notes**").
- (v) For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimum denominations of £250,000 and integral multiples of £1,000 in excess thereof.
- (vi) Certificates evidencing definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the "**Definitive Certificates**") will be issued in registered form and in the circumstances referred to below. Definitive Certificates, if issued, will be issued in minimum denomination of £250,000 and integral multiples of £1,000 in excess thereof.
- (vii) If, while the Notes are represented by a Global Note:
 - (A) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise);
 - (B) or announce an intention permanently to cease business and do so cease to do business;
 - (C) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Notes which would not be required were the Notes in definitive form.

The holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form ("**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests.

(b) Title and transfer

- (i) The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for

all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.

- (ii) The Issuer shall cause to be kept at the Specified Office of the Registrar the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes.
- (iii) No transfer of a Note will be valid unless and until entered on the Register.
- (iv) Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be *void ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the UK or the Registrar to any holder of a Note who so requests (and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- (v) A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- (vi) Each new Definitive Note, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note, to such address as may be specified in such request.
- (vii) Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- (viii) No holder of a Definitive Note, may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.
- (ix) All transfers of Notes and entries on the Register are subject to detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2 Status, Security and Administration

- (a) The Notes constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Note Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*).

- (i) As regards payments of interest:
- (A) prior to the earlier to occur of (I) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable, (II) the Final Maturity Date, and (III) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Note Condition 5(e) (*Optional Redemption in Full*) or Note Condition 5(f) (*Optional Redemption for Taxation or Other Reasons*) or Note Condition 5(g) (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) and (IV) the date on which the G Notes have been redeemed in full (in the case of item (II) to (IV) (inclusive) above each such date a "**Redemption Event**"); (1) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves with the Class S Payment in respect of the S Certificates and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (2) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (3) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (4) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (5) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the F Notes, the G Notes, X Notes, the Z1 Notes and the R Certificates; (6) the F Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the G Notes, the X Notes, the Z1 Notes and the R Certificates; (7) the G Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the X Notes, the Z1 Notes and the R Certificates; (8) subject as provided below, the X Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Z1 Notes and the R Certificates; (9) subject as provided below, the Z1 Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the R Certificates; and (10) subject as provided below, the R Certificates shall rank *pari passu* and without any preference or priority amongst themselves; and
- (B) following (I) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (II) the occurrence of a Redemption Event; (1) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves with Class S Payment in respect of the S Certificates and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (2) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (3) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the F Notes, the G notes, the X Notes, the Z1 Notes and the R Certificates; (4) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the F Notes, the G notes the X Notes, the Z1 Notes and the R Certificates; (5) the E Notes shall rank *pari passu* and without any preference

or priority amongst themselves and in priority to the F Notes, the G Notes, the X Notes, the Z1 Notes and the R Certificates; (6) the F Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the G Notes, the X Notes, the Z1 Notes and the R Certificates; (7) the G Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the X Notes, the Z1 Notes and the R Certificates; (8) subject as provided below, the X Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the Z1 Notes and the R Certificates; (9) subject as provided below, the Z1 Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the R Certificates; and (10) subject as provided below, the R Certificates shall rank *pari passu* and without any preference or priority amongst themselves.

(ii) As regards repayments of principal on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes:

(A) prior to (I) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (II) the occurrence of a Redemption Event; (1) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes; (2) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes; (3) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the F Notes, the G Notes and the H Notes; (4) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the F Notes, the G Notes and the H Notes; (5) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the F Notes, the G Notes and the H Notes; (6) the F Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the G Notes and the H Notes; (7) the G Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the H Notes; and (8) the H Notes shall rank *pari passu* and without any preference or priority amongst themselves; and

(B) following (I) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (II) the occurrence of a Redemption Event, the provisions of Note Condition 2(e) (*Post-Enforcement Priority of Payments*) shall apply.

(iii) As regards payments on the X Notes, the Z1 Notes, the Z2 Notes and the Certificates:

(A) prior to (I) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (II) the occurrence of a Redemption Event, payments of interest (if applicable) and principal in respect of the X Notes, the Z1 Notes and the Z2 Notes and payments in respect of the Certificates shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments;

(B) following (I) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (II) the occurrence of a Redemption Event payments

- in respect of the X Notes, the Z1 Notes and the Z2 Notes and the Certificates will be made in accordance with the Post-Enforcement Priority of Payments;
- (C) payments in respect of the X Notes will only be payable to the extent there are residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or residual funds under the Post-Enforcement Priority of Payments, if applicable);
 - (D) payments in respect of the Z1 Notes will only be payable to the extent there are residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or residual funds under the Post-Enforcement Priority of Payments, if applicable);
 - (E) payments in respect of the Z2 Notes will only be payable to the extent there are residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or residual funds under the Post-Enforcement Priority of Payments, if applicable); and
 - (F) payments in respect of the R Certificates shall only be payable (I) out of residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments and (II) at any time out of residual Available Principal Funds (or, in either case, after (1) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (2) the occurrence of a Redemption Event, under the Post-Enforcement Priority of Payments).
- (iv) For the avoidance of doubt, any residual balance following payment of all senior items in the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments will be payable to the X Notes, the Z1 Notes, the Z2 Notes and the R Certificates. As a result, there may be insufficient funds or no funds available to make payments on the X Notes, the Z1 Notes, the Z2 Notes and/or the R Certificates.
 - (v) As regards payments on the Z1 Notes, the Z2 Notes and the X Notes, on the Issue Date the proceeds of the Z1 Notes, the Z2 Notes, the X Notes and the VRR Proportion of the X Notes, the Z1 Notes and the Z2 Notes will be used to fund the Reserve Fund in an aggregate amount equal to the Reserve Fund Required Amount.
 - (vi) In addition, payments will be made to the VRR Loan Noteholder on a *pari passu* and *pro rata* basis with payments on the Notes and Certificates, in accordance with the VRR Loan Note Agreement and the Transaction Documents, including the Priority of Payments.
 - (vii) The Notes are constituted by the Trust Deed and are secured by the same security, but upon enforcement of the security created pursuant to the Deed of Charge (the "**Security**"), the Notes will rank in the priority as referred to above.
 - (viii) The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee to have (except where expressly provided otherwise and subject to the VRR Entrenched Rights)) regard only to the interests of the holders of the Most Senior Class if, in the Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders and the other Noteholders (not being holders of the Most Senior Class) shall have no claim against the Trustee for so doing.
 - (ix) The Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Most Senior Class, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect

thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances set out in Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver* (including as to Basic Terms Modifications), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.

- (x) The VRR Loan Noteholder will not be entitled to convene, count in the quorum at or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions), at any meeting of Noteholders. Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the VRR Loan Noteholder (other than any resolutions in respect of a VRR Entrenched Right unless the VRR Loan Noteholder has consented in writing) if passed in accordance with the Conditions.
- (xi) The Trust Deed and Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) also contain provisions regarding the resolution of disputes between the holders of more than one Class of Notes where all of such Classes are the Most Senior Class and between the holders of more than one Class of Notes other than the Most Senior Class.
- (xii) The Trust Deed contains provisions to the effect that, so long as any of the Notes are outstanding, the Trustee shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of any other persons (except for the Noteholders and Certificateholders) having the benefit of the Security constituted by the Deed of Charge and, in relation to the exercise of such powers, authorities and discretions, the Trustee shall have no liability to such persons as a consequence of so acting.
- (xiii) In determining whether the exercise of any right, power, trust, authority, duty or discretion by it under or in relation to the Conditions and/or any of the Transaction Documents is materially prejudicial to the interests of the Noteholders or Certificateholders (or any class thereof), the Trustee may take into account, if available, amongst any other things it may consider necessary and/or appropriate in its absolute discretion, whether the then rating of the Rated Notes will be adversely affected.

(b) ***Security***

As security for the payment of all monies payable in respect of the Notes and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee and any Receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the VRR Loan Noteholder under the VRR Loan Note Agreement, Legal Title-Holder, the Mortgage Administrator, the Mortgage Administration Facilitator and the Legal Title-Holder Facilitator under the Mortgage Administration Agreement, the Servicer Administrator under the Mortgage Administration Agreement, the Cash Administrator under the Cash Administration Agreement, the Principal Paying Agent and the other Agents under the Agency Agreement, the Account Bank under the Bank Agreement, the Collection Accounts Provider under the Main Collection Account Agreement, the F Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the F Collection Account Relevant Trustee Accession Agreement, the R Collection Account Agreement, the R Collection Account Beneficiary Accession Agreement, the R Collection Account Relevant Trustee Accession Agreement, the F Collection Account Agreement, the Corporate Services Provider under the Corporate Services Agreement, the Agents under the Agency Agreement and any other party which is or accedes to the Deed of Charge as a secured party, the Issuer will enter into the Deed of Charge, creating the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

- (i) first fixed equitable charge in favour of the Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Loans, the Mortgages and their

- Related Security (save, in respect of the Scottish Loans, Scottish Mortgages and their Related Security and any Insurance Contracts relating to the Loans);
- (ii) an equitable assignment in favour of the Trustee of the Issuer's interests in the Insurance Contracts to the extent that they relate to the Loans;
 - (iii) an assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Bank Agreement, the Main Collection Account Agreement, the F Collection Account Agreement, the R Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the R Collection Account Beneficiary Accession Agreement, the Cash Administration Agreement, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the R Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Supplemental Deed of Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the Agency Agreement, the VRR Loan Note Agreement and any other agreement entered into between the Issuer and a secured party to the Deed of Charge (other than the Trust Deed (and any deed expressed to be supplemental thereto), the Scottish Declaration of Trust, the Scottish Trust Security and the Deed of Charge) (the "**Charged Obligation Documents**");
 - (iv) a first fixed equitable charge in favour of the Trustee over (A) the Issuer's interest in the Transaction Account and any Authorised Investments, (B) the Issuer's beneficial interest in the Collection Accounts and (C) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest);
 - (v) an assignment in security of the Issuer's beneficial interest in and title to the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust(s) declared by the Legal Title-Holder pursuant to the Scottish Declaration of Trust); and
 - (vi) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (v) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer, including all of its assets located in or otherwise governed by Scots law);
- (c) The Noteholders, the Certificateholders, VRR Loan Noteholder and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.
 - (d) ***Pre-Enforcement Revenue Priority of Payments***
On each Determination Date, the Cash Administrator shall calculate the "**Available Revenue Funds**", being the aggregate of the following amounts as at that Determination Date:
 - (a) interest earned and interest received on the Transaction Account pursuant to the Bank Agreement for the Determination Period immediately preceding the relevant Determination Date;
 - (b) income from any Authorised Investments for the Determination Period immediately preceding the relevant Determination Date;
 - (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date, (other than any Revenue Collections received in respect of the Loans after the Call Cut-Off Date) or in respect of any Collection Period, Calculated Revenue Funds as calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);

- (d) any amount standing to the credit of the Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (e) any amount standing to the credit of the Non-Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (f) such amounts of Available Principal Funds on the relevant Determination Date as determined to be payable under item (i) of the Pre-Enforcement Principal Priority of Payments at the relevant Determination Date, if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be (A) a Revenue Shortfall and/or (B) an Interest Shortfall in respect of the B Notes, the C Notes, the D Notes, E Notes, F Notes, the G Notes (subject to such Notes being the Most Senior Class) and the VRR Proportion of such Shortfall, in each case on the immediately following Interest Payment Date after application of all other Available Revenue Funds (including paragraphs (d) and (e) above). Any such amount may only be used for payment of Senior Fees, the Class S Payment and interest on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the VRR Proportion of such amounts pursuant to item (vi)(A), (D), (F), (H), (J), (L) and (N) of the Pre-Enforcement Revenue Priority of Payments and not any other amounts in the Pre-Enforcement Revenue Priority of Payments;
- (g) any amounts available at item (ii)(I) of the Pre-Enforcement Principal Priority of Payments, and the amount at item (iii) of the Pre-Enforcement Principal Priority of Payments that is to be applied as Available Revenue Funds, at the relevant Determination Date; and
- (h) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*),

less any Third Party Amounts (for the avoidance of doubt, which does not include any amounts payable by way of Mortgage Administration Fees or Legal Title-Holder Fees otherwise provided for in the relevant Priority of Payments;

"Post-Enforcement Note Share" means 95 per cent. of the Post-Enforcement Net Available Funds.

"Post-Enforcement VRR Share" means 5 per cent. of the Post-Enforcement Net Available Funds.

"Pre-Enforcement Principal VRR Share" means 5 per cent. of the Net Available Principal Funds.

"Pre-Enforcement Principal Note Share" means 95 per cent. of the Net Available Principal Funds.

"Pre-Enforcement Revenue Note Share" means 95 per cent. of the Net Available Revenue Funds.

"Pre-Enforcement Revenue VRR Share" means 5 per cent. of the Net Available Revenue Funds.

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, the Cash Administrator shall apply an amount equal to the Available Revenue Funds in making the following payments in the following order of priority, but, in each case, only to the extent that all payments of a higher priority have been made in full (the **"Pre-Enforcement Revenue Priority of Payments"**):

- (i) *first*, to pay *pro rata* (I) when due the remuneration payable to the Trustee and any fees (including legal fees), costs, charges, expenses and other liabilities paid or incurred by it

under the provisions of or in connection with the Trust Deed or the Deed of Charge together with (if payable) any Value Added Tax thereon to the extent provided therein or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and (II) any amounts due and payable to any Appointee of the Trustee in relation to the Transaction Documents;

- (ii) *second*, to pay *pro rata* and *pari passu*:
 - (A) if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), the servicing fee due under the Mortgage Administration Agreement, comprising: (I) the Mortgage Administration Fee payable to the Mortgage Administrator in respect of its performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein, up to and including the Senior Servicing Fee Cap; and (II) the Legal Title-Holder Fee payable to the Legal Title-Holder in respect of its performance of the Legal Title-Holder Duties, together with any costs or expenses and amounts payable under any indemnities owing to the Mortgage Administrator or the Legal Title-Holder in accordance with the terms of the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (B) if the Cash Administration Agreement has not been terminated (except to the extent already paid to the Cash Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), the Cash Administration Fee payable under the Cash Administration Agreement to the Cash Administrator together with (if payable) any Value Added Tax thereon to the extent provided therein, together with any fees (including legal fees), costs, charges, expenses, liabilities, losses, damages, proceedings, claims and demands incurred or paid by the Cash Administrator and amounts payable under any indemnities owing to the Cash Administrator in accordance with the terms of the Cash Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (C) amounts due to and any fees (including legal fees), costs, charges, expenses liabilities, losses, damages, proceedings, claims and demands paid or incurred by it to the Agents under the Agency Agreement, the Account Bank under the Bank Agreement and the Collection Accounts Provider under the Main Collection Account Agreement, (and to the extent relating to the collections which relate to Loans beneficially owned by the Issuer) the F Collection Account Agreement and the R Collection Account Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein; and
 - (D) amounts due and payable to the Corporate Services Provider under and in accordance with the Corporate Services Agreement and the Mortgage Administration Facilitator and the Legal Title-Holder Facilitator under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
- (iii) *third*, when due (I) amounts, including audit fees and company secretarial expenses together with (if payable) any Value Added Tax thereon which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment

- Date and prior to the next Interest Payment Date and to provide for the Issuer's liability or possible liability for tax to the extent not payable from the Issuer Profit and (II) an amount equal to any premia in respect of Insurance Contracts;
- (iv) *fourth*, to retain an amount equal to the Issuer Profit, which shall be credited to the Issuer Profit Ledger;
 - (v) *fifth*, in an amount equal to the Pre-Enforcement Revenue Note Share, simultaneously and *pari passu* with items (vi)(A) to (vi)(O) below:
 - (A) *first*, to pay *pari passu* and *pro rata*: (I) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders); and (II) the Class S Payment;
 - (B) *second*, amounts to be credited to the Liquidity Reserve Fund Ledger, up to 95 per cent. Liquidity Reserve Fund Required Amount;
 - (C) *third*, amounts to be credited to the A Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the A Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (D) *fourth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders);
 - (E) *fifth*, amounts to be credited to the B Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the B Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (F) *sixth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders);
 - (G) *seventh*, amounts to be credited to the C Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the C Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (H) *eighth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders);
 - (I) *ninth*, amounts to be credited to the D Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the D Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (J) *tenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders);
 - (K) *eleventh*, amounts to be credited to the E Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the E Principal Deficiency

- Ledger has reached zero (such amount to be applied as Available Principal Funds);
- (L) *twelfth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders);
 - (M) *thirteenth*, amounts to be credited to the F Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the F Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (N) *fourteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders);
 - (O) *fifteenth*, amounts to be credited to the G Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the G Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (P) *sixteenth*, amounts to be credited to the Non-Liquidity Reserve Fund Ledger, up to 95 per cent. of the Non-Liquidity Reserve Fund Required Amount;
 - (Q) *seventeenth*, amounts to be credited to the H Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the H Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (R) *eighteenth*, to pay *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 95 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (ii)(A) above in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (S) *nineteenth*, following the Step-Up Date, payment of any surplus to be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full;
 - (T) *twentieth*, to pay amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders);
 - (U) *twenty-first*, to pay principal *pari passu* and *pro rata* to the holders of the X Notes;
 - (V) *twenty-second*, to pay amounts (other than in respect of principal) payable in respect of the Z1 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z1 Noteholders);
 - (W) *twenty-third*, to pay principal *pari passu* and *pro rata* to the holders of the Z1 Notes;

- (X) *twenty-fourth*, to pay principal *pari passu* and *pro rata* to the holders of the Z2 Notes (provided that, while the Senior Notes are outstanding, no repayment of principal under the Z2 Notes shall be made); and
 - (Y) *twenty-fifth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the R Certificates.
- (vi) *sixth*, in an amount equal to the Pre-Enforcement Revenue VRR Share, an amount to be paid simultaneously with the payments under items (v)(A) to (v)(Y) above:
- (A) *first*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(A) above;
 - (B) *second*, amounts to be credited to the Liquidity Reserve Fund Ledger, up to 5 per cent. of the Liquidity Reserve Fund Required Amount;
 - (C) *third*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date), to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(C) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (D) *fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(D) above;
 - (E) *fifth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date), to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(E) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (F) *sixth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(F) above;
 - (G) *seventh*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(G) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (H) *eighth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(H) above;
 - (I) *ninth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(I) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (J) *tenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(J) above;
 - (K) *eleventh*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(K) above

- (such amounts to be applied in repayment of principal as Available Principal Funds);
- (L) *twelfth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(L) above;
 - (M) *thirteenth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(M) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (N) *fourteenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(N) above;
 - (O) *fifteenth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(O) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (P) *sixteenth*, amounts to be credited to the Non-Liquidity Reserve Fund up to 5 per cent. of the Non-Liquidity Reserve Fund Required Amount;
 - (Q) *seventeenth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(Q) above (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (R) *eighteenth*, to pay *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 5 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (ii)(A) above in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (S) *nineteenth*, following the Step-Up Date, payment of any surplus to be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full;
 - (T) *twentieth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(T) above;
 - (U) *twenty-first*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(U) above;
 - (V) *twenty-second*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(V) above;

- (W) *twenty-third*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(W) above;
- (X) *twenty-fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(X) above;
- (Y) *twenty-fifth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(Y) above.

In accordance with items (ii)(I) and (iii) of the Pre-Enforcement Principal Priority of Payments, to the extent there remains any Available Principal Funds after all payments of a higher priority have been made in full, such remaining amounts shall be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

(e) ***Post-Enforcement Priority of Payments***

Following (i) the service of an Enforcement Notice, the Trustee (or the Cash Administrator on its behalf) shall, to the extent that such funds are available, apply funds standing to the credit of the Transaction Account and any other account in the name of the Issuer, excluding amounts standing to the credit of the Issuer Profit Ledger, to make payments in the following order of priority pursuant to and in accordance with the Deed of Charge or (ii) the occurrence of a Redemption Event, the Issuer (or the Cash Administrator) shall, to the extent that such funds are available, apply funds standing to the credit of the Transaction Account, in the following order of priority, in each case only to the extent that all payments of a higher priority have been made in full (the "**Post-Enforcement Priority of Payments**"):

- (i) *first*, to pay, *pro rata*, any remuneration then due to the Trustee, any Receiver or Appointee and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by the Trustee, any such Receiver or any such Appointee together with interest thereon (plus Value Added Tax, if any);
- (ii) *second*, to pay, *pro rata* and *pari passu*, the fees, costs, expenses, liabilities, losses damages, proceedings, claims and demands due to the Mortgage Administrator (up to and including the Senior Servicing Fee Cap), the Mortgage Administration Facilitator, the Cash Administrator, the Paying Agents, the Legal Title-Holder, the Legal Title-Holder Facilitator, the Agent Bank, the Registrar, the Account Bank, the Collection Accounts Provider and the Corporate Services Provider together with (if payable) any Value Added Tax thereon to the extent provided for in the Transaction Documents;
- (iii) *third*, following a Redemption Event only, to pay an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger;
- (iv) *fourth*, in an amount up to the Post-Enforcement Note Share, simultaneously with the payments under items (v)(A) to (v)(O) below:
 - (A) *first*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders) in accordance with Note Condition 4 (*Interest*);
 - (II) the Class S Payment; and
 - (III) amounts payable to the A Noteholders in respect of principal on the A Notes until the A Notes are redeemed in full;

- (B) *second, to pay, pro rata and pari passu:*
 - (I) amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the B Noteholders in respect of principal on the B Notes until the B Notes are redeemed in full;
- (C) *third, to pay pro rata and pari passu:*
 - (I) amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the C Noteholders in respect of principal on the C Notes until the C Notes are redeemed in full;
- (D) *fourth, to pay pro rata and pari passu:*
 - (I) amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the D Noteholders in respect of principal on the D Notes until the D Notes are redeemed in full;
- (E) *fifth, to pay pro rata and pari passu:*
 - (I) amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the E Noteholders in respect of principal on the E Notes until the E Notes are redeemed in full;
- (F) *sixth, to pay pro rata and pari passu:*
 - (I) amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the F Noteholders in respect of principal on the F Notes until the F Notes are redeemed in full;
- (G) *seventh, to pay pro rata and pari passu:*
 - (I) amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the G Noteholders in respect of principal on the G Notes until the G Notes are redeemed in full;
- (H) *eighth, following a Redemption Event only, to pay 95 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit);*

- (I) *ninth*, to pay:
 - (I) *pro rata* and *pari passu* amounts payable to the H Noteholders in respect of principal on the H Notes until the H Notes are redeemed in full; and then
 - (II) *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 95 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (ii) above in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (J) *tenth*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the X Noteholders in respect of principal on the X Notes until the X Notes are redeemed in full;
 - (K) *eleventh*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the Z1 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z1 Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the Z1 Noteholders in respect of principal on the Z1 Notes until the Z1 Notes are redeemed in full;
 - (L) *twelfth*, to pay *pro rata* and *pari passu* amounts payable to the Z2 Noteholders in respect of principal on the Z2 Notes until the Z2 Notes are redeemed in full;
 - (M) *thirteenth*, following the service of an Enforcement Notice, to pay 95 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit);
 - (N) *fourteenth*, following the service of an Enforcement Notice, to pay 95 per cent. of an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger; and
 - (O) *fifteenth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the R Certificates.
- (v) *fifth*, in an amount up to the Post-Enforcement VRR Share, simultaneously with the payments under items (iv)(A) to (iv)(O) above:
- (A) *first*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(A)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(A)(II) above;

- (III) the VRR Proportion of amounts paid under item (iv)(A)(III) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (B) *second*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(B)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(B)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (C) *third*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(C)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(C)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (D) *fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(D)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(D)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (E) *fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(E)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(E)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (F) *fifth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(F)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(F)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (G) *sixth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(G)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(G)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (H) *seventh*, following a Redemption Event only, to pay 5 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit)
- (I) *eighth*, to make a payment:

- (I) *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(I)(I) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note; and then
- (II) *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 5 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (ii) above in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
- (J) *tenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(J)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(J)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (K) *eleventh*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(K)(I) above;
 - (II) the VRR Proportion of amounts paid under item (iv)(K)(II) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (L) *twelfth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(L) above to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (M) *thirteenth*, following the service of an Enforcement Notice, to pay 5 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit);
- (N) *fourteenth*, following the service of an Enforcement Notice, to pay 5 per cent. of an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger; and
- (O) *fifteenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(O) above.

The Security will become enforceable upon the occurrence of an Event of Default (as defined in Condition 9 (*Events of Default*)) **provided that** if an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, Certificates or any equivalent amount due in respect of the VRR Loan Note, the Trustee shall not be entitled to dispose of the Charged Property or any part thereof unless either:

- (i) the Cash Administrator certifies to the Trustee (on which certificate the Trustee shall be entitled to rely without liability and without enquiry) that a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders or

Certificateholders of each Class after payment of all other claims ranking in priority to the Notes or Certificates in accordance with the Post-Enforcement Priority of Payments; or

- (ii) the Trustee has obtained the written advice of an investment bank or other financial adviser selected by the Trustee, in its absolute discretion and at the expense of the Issuer, (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so, this provision of Note Condition 2(e) shall not apply) and upon which advice the Trustee shall be entitled to rely absolutely and without incurring any liability to any person, which shall be binding on the Noteholders, or Certificateholders and the other Secured Creditors 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 due in respect of the Notes of each Class after payment of all other claims ranking in priority to the Notes or Certificates in accordance with the Post-Enforcement Priority of Payments and the Trustee shall have no liability to any person for the consequences of any such opinion reached in accordance with this provision of Note Condition 2(e).

The Trustee shall not be bound to make the determination, or seek the written advice of an investment bank or other financial adviser in accordance with this provision of Note Condition 2(e) unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction.

3 Covenants of the Issuer

Save with the prior written consent of the Trustee or as expressly provided in or expressly envisaged by these Conditions, the Bank Agreement, the Main Collection Account Agreement, the F Collection Account Agreement, the R Collection Account Agreement, the Cash Administration Agreement, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the R Collection Account Declaration of Trust, the F Collection Account Beneficiary Accession Agreement, the R Collection Account Beneficiary Accession Agreement, the Corporate Services Agreement, the Deed Poll, the PPI Deed Poll, the PPI Undertaking Deed, the Deed of Charge, the Master Definitions Schedule, the Mortgage Administration Agreement, the Subscription Agreement, the Mortgage Sale Agreement, the Agency Agreement, the Trust Deed, the F Collection Account Trustee Accession Agreement, the R Collection Account Trustee Accession Agreement, the VRR Loan Note Agreement, and any other document agreed between the Issuer and the Trustee as being a Transaction Document (together, the "**Transaction Documents**"), the Issuer shall not, so long as any Note remains outstanding, *inter alia*:

(a) Negative Pledge

create or permit to subsist any mortgage, security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) Restrictions on Activities

- (i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
- (ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Accounts and Transaction Account held with the Collection Accounts Provider and the Account Bank, respectively, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Note Condition 2 (*Status, Security and Administration*) and where the Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question;

- (iii) have any subsidiaries or employees or premises; or
- (iv) act as a director of any company;
- (c) ***Dividends or Distributions***
pay any dividend or make any other distribution to its shareholders except from the amount standing to the credit of the Issuer Profit Ledger;
- (d) ***Borrowings***
incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;
- (e) ***Merger***
consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;
- (f) ***Disposal of Assets***
transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option or trust over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein, **provided that** the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, *inter alia*, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;
- (g) ***Independent Director***
at any time have fewer than one independent director;
- (h) ***Tax Grouping***
be a member of a VAT (Value Added Tax) group;
- (i) ***Other***
permit any of the Transaction Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed and these Conditions, or permit any party to any of the Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents.

4 Interest

(a) *Period of Accrual*

Each Note of each class bears interest from (and including) the Issue Date. Each Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Note Condition 4(a) (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Note Condition 13 (*Notice to Noteholders*)) that it has received all sums due in respect of each such Note (except to the extent that there is any subsequent default in payment).

(b) *Interest Payment Dates and Interest Periods*

Subject to Note Condition 6 (*Payments*), interest on the Notes is payable on the Interest Payment Date falling in November 2019, and thereafter quarterly in arrear on the 25th day in February, May, August and November in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day (each such date an "**Interest Payment Date**"). The period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date is called an "**Interest Period**" in these Note Conditions.

(c) **Rate of Interest**

Subject to Note Condition 7 (*Prescription*), the Floating Rate of Interest (as defined below) payable from time to time and the Interest Amount (as defined below) in respect of the Notes will be determined on the basis of the provisions set out below:

- (i) Subject to paragraph (ii) below, the Agent Bank will determine the Compounded Daily SONIA as at the Interest Determination Date (as defined below) in question. The Rates of Interest for the relevant Interest Period shall be the aggregate Compounded Daily SONIA plus the Relevant Margin.
- (ii) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (i) how the SONIA Reference Rate is to be determined or (ii) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, subject to being instructed in writing by the Issuer to do so and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.
- (iii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

In the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent. There will be no maximum Rate of Interest on the Notes.

For the purposes of these Note Conditions:

- (i) "**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date in question, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005% being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

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

"**d₀**" is the number of London Banking Days in the relevant Interest Period;

"i" is a series of whole numbers from one to d_0 , each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period to, but excluding, the last London Banking Day in such Interest Period;

"LBD" means a London Banking Day;

"London Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

" n_i ", for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day; and

"SONIA_{-5LBD}" means in respect of any London Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling five Business Days prior to that Business Day "i";

- (ii) "**Observation Period**" means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five London Banking Days prior to any such earlier date, if any, on which the Notes become due and payable);
- (iii) "**Reuters Screen SONIA Page**" means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service as may replace such screen;
- (iv) "**SONIA Reference Rate**" means in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to, and published by, authorised distributors of the rate as of 9:00 a.m. London time on the Reuters Screen SONIA Page or, if the Reuters Screen SONIA Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such Business Day).

If, in respect of any London Banking Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Reuters Screen SONIA Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (A) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

- (v) "**Floating Rate of Interest**" means, in relation to the Notes (except the H Notes and the Z2 Notes which have a zero coupon), the floating rate of interest as determined by the Agent Bank in accordance with this Note Condition 4, provided that, where the Floating Rate of Interest applicable to any Class of Notes (except the H Notes and the Z2 Notes which have a zero coupon) for any Interest Period is determined to be less than zero, the Floating Rate of Interest for such Interest Period shall be zero.
- (vi) "**Relevant Margin**" shall be:
 - (A) on any Interest Determination Date occurring prior to the Step-Up Date:
 - (I) 1.05 per cent. per annum for the A Notes;

- (II) 1.75 per cent. per annum for the B Notes;
 - (III) 2.10 per cent. per annum for the C Notes;
 - (IV) 2.50 per cent. per annum for the D Notes;
 - (V) 3.50 per cent. per annum for the E Notes;
 - (VI) 3.50 per cent. per annum for the F Notes;
 - (VII) 3.50 per cent. per annum for the G Notes;
 - (VIII) 4.50 per cent. per annum for the X Notes; and
 - (IX) 6.00 per cent. per annum for the Z1 Notes; and,
- (B) on any Interest Determination Date occurring after the Step-Up Date:
- (I) 1.58 per cent. per annum for the A Notes;
 - (II) 2.63 per cent. per annum for the B Notes;
 - (III) 3.10 per cent. per annum for the C Notes;
 - (IV) 3.50 per cent. per annum for the D Notes;
 - (V) 4.50 per cent. per annum for the E Notes;
 - (VI) 4.50 per cent. per annum for the F Notes;
 - (VII) 4.50 per cent. per annum for the G Notes;
 - (VIII) 4.50 per cent. per annum for the X Notes; and
 - (IX) 7.00 per cent. per annum for the Z1 Notes.

For the avoidance of doubt, the H Notes and the Z2 Notes have a zero coupon and no change in the Relevant Margin of the X Notes will occur on the Step-Up Date.

(d) *Determination of Floating Rates of Interest and Calculation of Interest Amount*

The Interest Amount for all Notes will be calculated by applying the relevant Rate of Interest for such Interest Period to the Principal Amount Outstanding of such Note on the first day of such Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366, and rounding the resulting figure down to the nearest penny.

(e) *Publication of Floating Rate of Interest, Interest Amount and other Notices*

The Agent Bank will cause the Floating Rate of Interest and the amount of interest (the "**Interest Amount**") in respect of each Note for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Issuer, the Trustee, the Cash Administrator, each of the Paying Agents, any stock exchange on which the Notes are then listed and, so long as the Notes are in global form, each of Euroclear and Clearstream, Luxembourg and will cause notice thereof to be given to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*). The Floating Rate of Interest, Interest Amount and Interest Payment Date in respect of each Note so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period. If the Notes become due and payable under Note Condition 9 (*Events of Default*), the accrued interest per Interest Amount and the Floating Rate of Interest payable in respect of each Note shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Note Condition 4 but no publication of the Rates of Interest or the amounts of interest payable per Interest Amount so calculated need be made unless the Trustee otherwise requires.

(f) Notifications to be Final and Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Note Condition 4, whether by the Reference Banks (or any of them) or the Agent Bank shall (in the absence of fraud, wilful default or gross negligence) be final and binding on the Issuer, the Cash Administrator, the Reference Banks, the Agent Bank, the Trustee and all Noteholders and (in such absence as aforesaid) no liability to the Trustee or the Noteholders shall attach to the Issuer, to the Reference Banks or the Agent Bank in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Note Condition 4.

(g) Agent Bank

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

(h) Deferral of Interest

Interest on the Notes shall be payable in accordance with this Note Condition 4 and Note Condition 6 (*Payments*) subject to the following terms of this Note Condition 4(h):

- (i) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the B Notes on such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**B Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the B Notes on such Interest Payment Date, the amount payable to the B Noteholders on such Interest Payment Date, by way of interest on each B Note, shall be a *pro rata* share of the B Residual Amount;
- (ii) in the event the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the C Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**C Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the C Notes on such Interest Payment Date, the amount payable to the C Noteholders on such Interest Payment Date, by way of interest on each C Note, shall be a *pro rata* share of the C Residual Amount;
- (iii) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the D Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**D Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the D Notes on such Interest Payment Date, the amount payable to the D Noteholders on such Interest Payment Date, by way of interest on each D Note, shall be a *pro rata* share of the D Residual Amount;

- (iv) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the E Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**E Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the E Notes on such Interest Payment Date, the amount payable to the E Noteholders on such Interest Payment Date, by way of interest on each E Note, shall be a *pro rata* share of the E Residual Amount;
- (v) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the F Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**F Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the F Notes on such Interest Payment Date, the amount payable to the F Noteholders on such Interest Payment Date, by way of interest on each F Note, shall be a *pro rata* share of the F Residual Amount;
- (vi) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the G Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**G Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the G Notes on such Interest Payment Date, the amount payable to the G Noteholders on such Interest Payment Date, by way of interest on each G Note, shall be a *pro rata* share of the G Residual Amount;
- (vii) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the X Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**X Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the X Notes on such Interest Payment Date, the amount payable to the X Noteholders on such Interest Payment Date, by way of interest on each X Note, shall be a *pro rata* share of the X Residual Amount; and
- (viii) in the event that the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(h), due on the Z1 Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(h) as the "**Z1 Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(h), due on the Z1 Notes on such Interest Payment Date, the amount payable to the Z1 Noteholders on such Interest Payment Date, by way of interest on each Z1 Note, shall be a *pro rata* share of the Z1 Residual Amount.

In the event that, by virtue of the provisions of paragraphs (i) to (viii) above, a *pro rata* share of the B Residual Amount, the C Residual Amount, the D Residual Amount, the E Residual Amount, the F Residual Amount, the G Residual Amount, the X Residual Amount or the Z1 Residual Amount, is paid in accordance with this Note Condition 4(h), the Issuer shall create provisions in its accounts for the shortfall equal to the amount by which the amount of interest paid on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes or the Z1 Notes as the case may be, on any Interest Payment Date in accordance with this

Note Condition 4(h) falls short of the aggregate amount of interest payable on the relevant Class of Notes but for this Note Condition 4(h). Such shortfall (the "**Interest Shortfall**") shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the relevant Rate of Interest for the relevant Class of Notes for such Interest Period. A *pro rata* share of such shortfall thereon shall be aggregated with the amount of, and treated for the purpose of this Note Condition 4(h) as if it were interest due, subject to this Note Condition 4(h), on each B Note, C Note, D Note, E Note, F Note, G Note, X Note or Z1 Note, as the case may be, on the next succeeding Interest Payment Date. This provision shall cease to apply on the Interest Payment Date referred to in Note Condition 5(a) (*Final Redemption of the Notes*) at which time all accrued interest shall become due and payable.

The non-payment of any Deferred Interest on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes or the Z1 Notes will not be an Event of Default, except if such non-payment occurs on or after the Final Maturity Date. For the avoidance of doubt, the non-payment of interest (in accordance with the Note Conditions) on any A Notes shall be an Event of Default (in accordance with the Note Conditions) and the non-payment of amounts due on the S Certificates shall be an Event of Default (in accordance with the Certificates Conditions). For the avoidance of doubt, the H Notes and the Z2 Notes have a zero coupon.

(i) ***Determinations and Reconciliation***

- (i) In the event that the Cash Administrator does not receive a Performance Report with respect to a Determination Period (any such Determination Period being a "**relevant Collection Period**" for the purposes of this Note Condition 4(i)), then the Cash Administrator shall use the Performance Reports in respect of the three most recent monthly periods (or, where there are not at least three previous Performance Reports, all previous Performance Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Note Condition 4(i). If the Performance Reports relating to the Determination Period is subsequently received, the Cash Administrator will make the reconciliation calculations and reconciliation payments as set out in (iii) below. Any: (A) calculations properly done on the basis of such previous Performance Reports; (B) payments made under any of the Notes and Transaction Documents in accordance with such calculations; (C) reconciliation calculations; and (D) reconciliation payments made as a result of such reconciliation calculations, each in accordance with (ii), (iii) and/or (iv) below shall be deemed to be done in accordance with the provisions of the Transaction Documents and will not in themselves lead to an Event of Default and no liability will attach to the Cash Administrator in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (ii) In respect of any relevant Collection Period, the Cash Administrator shall:
- (A) determine the Interest Determination Ratio by reference to the three most recently received Performance Reports (or, where there are not at least three previous Performance Reports, all previous Performance Reports received in the preceding Collection Periods);
 - (B) calculate the Revenue Funds for such relevant Determination Period as the product of:
 - (I) the Interest Determination Ratio; and
 - (II) all payments received by the Issuer during such relevant Collection Period; andsuch amounts the "**Calculated Revenue Funds**"
 - (C) calculate the Principal Receipts for such relevant Collection Period as the product of:
 - (I) one minus the Interest Collection Ratio; and

(II) all payments received by the Issuer during such relevant Determination Period.

such amounts the "**Calculated Principal Funds**"

- (iii) Following any relevant Collection Period, upon delivery of the Performance Reports in respect of such relevant Collection Period, the Cash Administrator shall reconcile the calculations made in accordance with (ii) above to the actual collections set out in the Performance Reports as follows:
- (A) if the Reconciliation Amount is a positive number, the Cash Administrator shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Revenue Ledger as Available Principal Funds; and
- (B) if the Reconciliation Amount is a negative number, the Cash Administrator shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Principal Ledger as Available Revenue Funds.
- (iv) If amounts standing to credit of the Revenue Ledger or Principal Ledger, as the case may be, are insufficient to pay or provide for the applicable Reconciliation Amount in full on the relevant Interest Payment Date, the Cash Administrator shall reallocate amounts standing to the credit of the Revenue Ledger or Principal Ledger (as applicable) in accordance with (iii)(A) or (B) above, respectively, in respect of each subsequent Determination Period (such Reconciliation Amounts to be applied accordingly on the immediately following Interest Payment Date) until such Reconciliation Amount is paid or provided for in full.
- (v) If the Cash Administrator is required to provide for a Reconciliation Amount in determining Available Revenue Funds and Available Principal Funds in respect of any Interest Payment Date, the Cash Administrator shall provide for such Reconciliation Amount in accordance with the terms of the Cash Administration Agreement and the Cash Administrator shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

In this Note Condition 4(i):

"Interest Determination Ratio" means: (i) the aggregate Revenue Receipts calculated in the three preceding Performance Reports (or such smaller number of preceding Performance Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Revenue Receipts and the Principal Receipts calculated in such Performance Reports;

"Reconciliation Amount" means in respect of a relevant Determination Period: (i) the actual Principal Receipts as determined in accordance with the available Performance Reports; less (ii) the Principal Receipts in respect of such relevant Determination Period, determined in accordance with Note Condition 4(i)(ii)(C);

"Revenue Funds" means, in relation to a relevant Determination Period, the amount credited (or in relation to a relevant Determination Period, the actual amount that should have been credited) to the Revenue Ledger for such relevant Collection Period; and

"Principal Funds" means, in relation to a relevant Determination Period, the amount credited (or in relation to a relevant Determination Period, the actual amount that should have been credited) to the Principal Ledger for such relevant Determination Period.

5 **Redemption**

- (a) *Final Redemption of the Notes*

Unless previously redeemed or purchased and cancelled as provided in this Note Condition 5, the Issuer shall, subject always to the Pre-Enforcement Priority of Payments and Note Conditions 5(c) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) and 10(b) (*Limited Recourse*), redeem (i) the A Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in May 2053, (ii) the B Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (iii) the C Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (iv) the D Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (v) the E Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (vi) the F Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (vii) the G Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (viii) the H Notes at their Principal Amount Outstanding on the Interest Payment Date falling in May 2053, (ix) the X Notes at their Principal Amount Outstanding, together with accrued and unpaid interest (and any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)), on the Interest Payment Date falling in May 2053, (x) Z1 Notes on the Interest Payment Date falling in May 2053, (xi) Z2 Notes on the Interest Payment Date falling in May 2053, and (xii) towards making payments in respect of the Certificates on the Interest Payment Date falling in May 2053, **provided that**, after the occurrence of a Redemption Event, the X Notes, the Z1 Notes and the Z2 Notes shall be redeemed and payments shall be made in respect of the R Certificates out of available residual amounts pursuant to the Post-Enforcement Priority of Payments.

The Issuer may not redeem Notes in whole or in part prior to such relevant date except as provided in Note Condition 5(b), (d), (e), (f) or (g) but without prejudice to Note Condition 9 (*Events of Default*).

(b) Mandatory Redemption of the Notes

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, other than the Interest Payment Date on which the Notes are to be redeemed under Note Condition 5(a), (d), (e), (f) or (g), the Issuer or the Cash Administrator on the Issuer's behalf shall apply an amount equal to the Available Principal Funds (as defined below) as at the date which falls two Business Days prior to such Interest Payment Date (each such date a "**Determination Date**"), in making the following redemptions in the following priority (the "**Pre-Enforcement Principal Priority of Payments**"):

- (i) *first*, following application of the Non-Liquidity Reserve Fund and Liquidity Reserve Fund, applying the Available Principal Funds as Available Revenue Funds to the extent there will be (A) a Revenue Shortfall and/or (B) an Interest Shortfall in respect of the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes (in each case subject to such Notes being the Most Senior Class) and the VRR Proportion of such Interest Shortfall;
- (ii) *second*, in an amount up to the Pre-Enforcement Principal Note Share, simultaneously with the payments under item (iii) below:
 - (A) *first*, in redeeming the A Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the A Notes have been redeemed in full;

- (B) *second*, after the A Notes have been redeemed in full, in redeeming the B Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the B Notes have been redeemed in full;
 - (C) *third*, after A Notes and the B Notes have been redeemed in full, in redeeming the C Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the C Notes have been redeemed in full;
 - (D) *fourth*, after the A Notes, the B Notes and the C Notes have been redeemed in full, in redeeming the D Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the D Notes have been redeemed in full;
 - (E) *fifth*, after the A Notes, the B Notes, the C Notes and the D Notes have been redeemed in full, in redeeming the E Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the E Notes have been redeemed in full;
 - (F) *sixth*, after the A Notes, the B Notes, the C Notes, the D Notes and the E Notes have been redeemed in full, in redeeming the F Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the F Notes have been redeemed in full;
 - (G) *seventh*, after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes have been redeemed in full, in redeeming the G Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the G Notes have been redeemed in full;
 - (H) *eighth*, after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes have been redeemed in full, in redeeming the H Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the H Notes have been redeemed in full;
 - (I) *ninth*, any remaining amounts shall constitute Available Revenue Funds and be applied in accordance with the Pre-Enforcement Revenue Priority of Payments;
- (iii) *third*, in an amount up to the Pre-Enforcement Principal VRR Share, simultaneously with the payments under items (ii)(A) to (ii)(I) above to make a payment to the VRR Loan Noteholder in an amount equal to the VRR Proportion of the aggregate amounts paid under items (ii)(A) to (ii)(H) above and to be applied as Available Revenue Funds with the respect to the VRR Proportion of the amount under item (ii)(I) above.

The Cash Administrator is responsible, pursuant to the Cash Administration Agreement, for determining the amount of the Available Principal Funds as at any Determination Date and each determination so made shall (in the absence of gross negligence, fraud, wilful default or manifest error) be final and binding on the Issuer, the Mortgage Administrator, the Trustee and all Noteholders, and no liability to the Noteholders shall attach to the Issuer, the Trustee or (in such absence as aforesaid) to the Cash Administrator in connection therewith.

The amount of "**Available Principal Funds**" as at any Determination Date is an amount calculated as the aggregate of the following amounts:

- (i) the Principal Collections received for the preceding Determination Period (other than any Principal Collections received in respect of the Loans after the Call Cut-Off Date) or, in respect of any relevant Collection Period, Calculated Revenue Funds as calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (ii) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance

on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date;

- (iii) on each Interest Payment Date following a Collection Period, any Reconciliation Amounts deemed to be Available Principal Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (iv) following the Step-Up Date, any Available Revenue Funds available following payment of items (v)(R) and (vi)(R) of the Pre-Enforcement Revenue Priority of Payments until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full
- (v) (in respect of the first Interest Payment Date only) the amount paid into the Transaction Account on the Issue Date from the excess of the proceeds of the Notes and the VRR Loan Note (excluding the proceeds of the Notes and the VRR Loan Note used to establish the Reserve Fund) over the cash consideration paid by the Issuer for the Loans on the Issue Date pursuant to the terms of the Mortgage Sale Agreement,

less any amounts paid in connection with any Redraw pursuant to the Cash Administration Agreement and/or the Mortgage Administration Agreement.

The amount of the total issuance of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes and the VRR Proportion of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes will not exceed the consideration payable by the Issuer in respect of the sale of the Loans and Related Security.

The "**Principal Collections**" as at any Determination Date is an amount determined by the Mortgage Administrator on such Determination Date or is the aggregate of:

- (i) all repayments or prepayments of principal received by the Issuer in relation to the Loans in respect of the Determination Period ending on or immediately prior to such Determination Date; and
- (ii) recoveries received by the Issuer and allocable to principal upon an enforcement of the Related Security, and recoveries received by the Issuer and allocable to principal upon a purchase or a repurchase of the Loans by the Seller, in accordance with the terms of the Mortgage Sale Agreement, in each case, received by the Issuer in the Determination Period preceding such Determination Date.

(c) ***Note Principal Payments, Principal Amount Outstanding and Pool Factor***

With respect to each Note on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Cash Administrator to determine) (i) the amount of any principal amount due on the Interest Payment Date next following such Determination Date (a "**Note Principal Payment**"), (ii) the principal amount outstanding of each such Note of such Class on the Interest Payment Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date) (the "**Principal Amount Outstanding**") and (iii) the fraction expressed as a decimal to the sixth point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in item (ii) above) and the denominator is 100,000. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall, in each case (in the absence of fraud, wilful default, bad faith or manifest error), be final and binding on all persons.

With respect to each of the Classes of Notes, the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified forthwith to the Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, and will immediately cause notice of each such determination to be given in accordance with Note Condition 13 (*Notice to Noteholders*) by

not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date, a notice to this effect will be given to the Noteholders.

(d) Mandatory Redemption

Provided that:

- (i) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have received the purchase price (as per the Deed Poll) from a sale of the Charged Property pursuant to the Deed Poll (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer) as would be required to: (A) redeem the Rated Notes then outstanding in full together with any accrued and unpaid interest on the Rated Notes and the VRR Proportion of such amounts, in accordance with the Priority of Payments together with accrued unpaid interest on such Notes (including any interest deferred in accordance with Note Condition 4(h) (*Deferral of Interest*)); (B) pay amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes on such Interest Payment Date (and the VRR Proportion thereof); (C) pay any other costs associated with the redemption (upon which the Trustee shall be entitled to rely without liability and without further enquiry), provided that if the amount received is not sufficient to redeem the Notes and the VRR Loan Notes in full (other than the Rated Notes and the VRR Proportion thereof) along with accrued unpaid interest thereon, the remaining Notes outstanding shall be cancelled following application of all available funds in accordance with the relevant Priority of Payments; and
- (ii) on or prior to the Interest Payment Date on which the relevant notice of mandatory redemption expires, no Enforcement Notice has been served following an Event of Default,

the Issuer shall redeem the Notes and the VRR Loan Note, in whole, but not in part, on any Interest Payment Date on or after the Call Option Date, on giving not less than 15 and not more than 30 days' notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable) (the "**Notice of Mandatory Redemption**").

Subject to the Issuer having sufficient Available Revenue Funds and Available Principal Funds, any Note redeemed pursuant to this Note Condition 5(d) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

(e) Optional Redemption in Full

Provided that:

- (i) the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes is less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes upon issue (the "**Clean-up Call Trigger**");
- (ii) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property (together with any amounts then standing to the credit of the Transaction Account and any other funds available to the Issuer) required to: (A) redeem all of the Notes then outstanding in full, together with accrued and unpaid interest on such Notes and redeem the VRR Loan Note in full together with the VRR Proportion of such accrued and unpaid interest and the VRR Proportion of such

amounts; (B) pay amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes on such Interest Payment Date and the VRR Proportion of such amounts; and (C) pay any other costs associated with the exercise of the optional call (upon which the Trustee shall be entitled to rely without liability and without further enquiry). The Issuer shall (without prejudice to the Mortgage Pool Option) grant the Mortgage Pool Option Holder, the right to purchase the Mortgage Pool in the event that a Clean-up Call Trigger occurs; and

- (iii) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable).

Any Note redeemed pursuant to this Note Condition 5(e) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

(f) *Optional Redemption for Taxation or Other Reasons*

If by reason of a change in or amendment to tax law (or regulation or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, the Issuer or any Paying Agent has or will become obliged to deduct or withhold from any payment of principal or interest on any Class of the Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of Notes of such Class) 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 the United Kingdom or any political sub-division thereof or any authority thereof or therein, then the Issuer shall, if the same would avoid the effect of such relevant event described in this Note Condition 5(f), appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes, **provided that** the Trustee is satisfied that such substitution will not be materially prejudicial to the holders of the Most Senior Class.

If the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer (immediately before giving the notice referred to below) stating that one or more of the events described in this Note Condition 5(f) is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 45 nor less than 30 days' notice to the Trustee and Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*), redeem all (but not some only) of the Notes on the next following Interest Payment Date 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 Trustee (i) a certificate signed by a director of the Issuer stating that one or more of the circumstances referred to in this Note Condition 5(f) prevail(s) and setting out details of such circumstances and (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer and any Paying Agent (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change or amendment. The Trustee shall be entitled to accept and rely without liability on 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 Noteholders.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Trustee that it will have the necessary funds, not subject to the interest of any other person,

required to redeem the Notes and the VRR Loan Note 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 Notes and Certificates outstanding in accordance with the terms and conditions thereof (which certificate the Trustee may rely on without liability).

The Issuer shall grant the Mortgage Pool Option Holder the right to purchase the Mortgage Portfolio in the event that the Issuer would otherwise be able to redeem the Notes under this Note Condition 5(f).

(g) *Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*

On any Business Day following the Issue Date, if a Risk Retention Regulatory Change Event occurs and the Retention Holder exercises the Risk Retention Regulatory Change Option, the Issuer will give not more than 15 nor less than 5 days' notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*), and the Notes will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Retention Holder, provided that the Issuer has, immediately prior to giving such notice, certified to the Trustee that it will have the necessary funds (together with any amounts then standing to the credit of the Transaction Account and any other funds available to the Issuer) as would be required to: (A) redeem all of the Notes then outstanding in full, together with accrued and unpaid interest on such Notes, and redeem the VRR Loan Note in full together with the VRR Proportion of such accrued and unpaid interest; (B) pay amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date (and the VRR Proportion of such amounts); and (C) pay any other costs associated with the redemption (which certificate the trustee may rely on without liability).

Any Note redeemed pursuant to this Note Condition 5(g), 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 date of redemption.

"Risk Retention Regulatory Change Event" means any change in or the adoption of any new law, rule or regulation which as a matter of English or U.S. law has a binding effect on the Retention Holder after the Issue Date which would impose a positive obligation on the Retention Holder to subscribe for any Notes and/or Certificates over and above the VRR Loan Note required to be maintained by it to comply with the Retention Requirement or otherwise increase its investment.

"Risk Retention Regulatory Change Option" means the option of the Retention Holder or the Mortgage Pool Option Holder, as applicable, in the Mortgage Sale Agreement to acquire (or to nominate a third party to acquire) all but not some of the Mortgage Pool following a Risk Retention Regulatory Change Event.

(h) *Notice of Redemption*

Any such notice as is referred to in Note Condition 5(d), (e), (f) or (g) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at the Principal Amount Outstanding, plus accrued and unpaid interest, of the relevant Note.

(i) *Purchase*

The Issuer shall not purchase any Notes.

(j) *Cancellation*

All Notes redeemed will be cancelled upon redemption, and may not be resold or re-issued.

6 Payments

(a) *Principal and interest*

Payments of principal and interest shall be made by transfer to an account in Sterling, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.

(b) Record date

Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office on the 15th day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Global Note shall be the only person entitled to receive payments in respect of any Note represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(c) Payments subject to fiscal laws

All payments are subject in all cases to (i) any Applicable Laws and regulations in the place of payment, but without prejudice to the provisions of Note Condition 8 (*Taxation*) 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, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (together, "**FATCA**"). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) Payments on business days

If the due date for payment of any amount in respect of any Note is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this Note Condition 6(d), "**business day**" means, in respect of any place of presentation, any day on which banks are open for payment of registered securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling-denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(e) Paying Agents

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Paying Agent is at:

125 Old Broad Street, Fifth floor, London EC2N 1AR, United Kingdom

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Trustee and the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*).

(f) Incorrect Payments

The Cash Administrator will, from time to time, notify Noteholders in accordance with the terms of Note Condition 13 (*Notice to Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Administrator shall rectify such over-payment or under-payment by increasing or, as the case may be, decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of

over-payment or under-payment pursuant to this Note Condition 6 shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Administrator shall have any liability to any person for making any such correction.

7 **Prescription**

- (a) **Principal:** Claims for principal in respect of Notes shall become void where application for payment is made more than 10 years after the due date therefor.
- (b) **Interest:** Claims for interest in respect of Notes shall become void where application for payment is made more than five years after the due date therefor.

8 **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with FATCA. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Principal Paying Agent, any other Paying Agent, nor any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction, including any withholding or deduction pursuant to FATCA.

9 **Events of Default**

After any of the following events (each an "Event of Default") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Most Senior Class, shall (subject in each case to it being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer (an "Enforcement Notice") that the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding, together with accrued interest:

- (a) default being made for a period of 10 Business Days in the payment of any interest on the A Notes when and as the same ought to be paid in accordance with these Note Conditions Conditions or any amount due in respect of the S Certificates as and when the same ought to be paid in accordance with the Certificates Conditions; or
- (b) default being made in the payment of principal on the Notes due on the Final Maturity Date;
- (c) default being made in the payment of any deferred and unpaid interest on the Notes due on the Final Maturity Date; or
- (d) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or the Trust Deed, as applicable, and such failure is (i) in the opinion of the Trustee, incapable of remedy or (ii) in the opinion of the Trustee, capable of remedy but remains unremedied for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (e) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (f) below, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
- (f) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or

- (g) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator) and such proceedings not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administrator being appointed, or a Receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally; or
- (h) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents,

provided that, in the case of each of the events described in paragraph (d) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

10 Enforcement of Security, Limited Recourse and Non-Petition

(a) Enforcement of Security

At any time after an Enforcement Notice has been served, the Trustee may, in its absolute discretion and without further notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Trust Deed, these Note Conditions and the other Transaction Documents to which it is a party, but it shall not be bound to do so unless:

- (i) it shall have been directed by a notice in writing by holders of Notes outstanding constituting at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding; and
- (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

(b) Limited Recourse

(i) Enforcement of Security

Only the Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge and the Scottish Trust Security (and the Transaction Documents entered into pursuant thereto).

(ii) Insufficient Recoveries

If at any time following:

- (A) the occurrence of either:
 - (1) the Interest Payment Date falling in May 2053 or any earlier date upon which all of the Notes of each Class are due and payable; or
 - (2) the service of an Enforcement Notice; and

- (B) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes and the VRR Loan Note in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Priority of Payments, to pay in full all claims ranking in priority to the Notes and the VRR Loan Note and all amounts then due and payable under any Class of Notes and the VRR Proportion of such amounts, then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (B) above) under such Class of Notes and the relevant amount under the VRR Loan Note (and any Class of Notes junior to that Class of Notes and the relevant amounts under the VRR Loan Note) shall, on the day following such application in full of the amounts referred to in paragraph (B) above, cease to be due and payable by the Issuer.

For the purposes of this Note Condition 10:

"Realisation" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property, including (without limitation) through sale or through performance by an obligor.

"Charged Property" means the property of the Issuer which is subject to the Security.

(iii) *Noteholder Acknowledgments*

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that:

- (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property;
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and
- (C) in the event that a shortfall in the amount available to pay principal of the Notes of a Class exists on the Final Maturity Date or on any earlier date for redemption in full of the Notes or any Class of Notes, after payment on the Final Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or *pari passu* with the Notes or the related Class of Notes, and the Charged Property has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

(c) *Non-Petition*

No Noteholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

11 Meetings of Noteholders; Modifications; Consents; Waiver

- (a) The Trust Deed contains provisions for convening separate or combined meetings of the Noteholders of any Class to consider matters relating to the Notes, including subject to Note Condition 11(e) the sanctioning by Extraordinary Resolution of a modification of any of these Note Conditions or any provisions of the other Transaction Documents.

The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification, waiver, authorisation or determination that relates to a VRR Entrenched Right, unless the VRR Loan Noteholder has consented in writing to such modification or waiver.

The Trust Deed provides that a resolution in writing signed by all of the holders of a particular Class or Classes of Notes by a majority consisting of not less than 50.1 per cent. by Principal Amount Outstanding of such Class or Classes of Notes shall for all purposes be as valid and effective as an Ordinary Resolution passed at a meeting of the Noteholders of such Class duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

The Trust Deed provides that a resolution in writing signed by all of the holders of at least 75 per cent. by Principal Amount Outstanding of the relevant Class or Classes of Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders of such Class or Classes duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

- (b) Any Extraordinary Resolution or an Ordinary Resolution duly passed by a meeting of the Noteholders of a particular Class or Classes shall be binding on all Noteholders of such Class or Classes (whether or not they were present at the meeting at which such resolution was passed and whether or not voting), the Certificateholders and the VRR Loan Noteholder (provided that in relation to the VRR Loan Note any resolution in respect of a VRR Entrenched Right shall only be binding on the VRR Loan Noteholder if the VRR Loan Noteholder has consented in writing to such resolution).

An Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes and Certificates irrespective of the effect on them, except an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Basic Terms Modification, which shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes or Certificates affected.

No Extraordinary Resolution of any Class to approve any matter other than a Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes then outstanding ranking senior to such Class (to the extent that there are Notes ranking senior to such Class of Notes) unless the Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any Most Senior Class of Notes or it is sanctioned by an Extraordinary Resolution of the holders of such Most Senior Class of Notes. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes the exercise of which will be binding on themselves and any junior Class of Notes, irrespective of the effect on their interests.

The Trust Deed provides that:

- (i) meetings of Noteholders of separate Classes may be held at the same time;
- (ii) meetings of Noteholders of separate Classes will normally be held separately, but the Trustee may from time to time determine that meetings of Noteholders of separate Classes shall be held together;

- (iii) an Ordinary Resolution or an Extraordinary Resolution that in the opinion of the Trustee affects one Class alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Class concerned;
- (iv) an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class but does not give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of the relevant Classes;
- (v) subject to paragraph (vi) below, an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class and gives or may give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of each of the relevant Classes; and
- (vi) if a poll is called at a meeting of a Class of Noteholders, the number of votes which can be cast by each person present shall be proportionate to the Principal Amount Outstanding of the Notes of such Class that such person holds or represents at that meeting.

(c) ***Negative consent***

In relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification or a VRR Entrenched Right but including, for the avoidance of doubt, any changes to the reference rate applicable to the relevant Notes) or an Ordinary Resolution of any Class of Noteholders, such Extraordinary Resolution or Ordinary Resolution is duly passed and shall be binding on all of the Noteholders or the Noteholders of such Class in accordance with its terms where:

- (i) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Issuer, to the Noteholders or the Noteholders of such Class in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*);
- (ii) such notice contains a statement requiring such Noteholders to inform the Issuer via the Clearing Systems in writing if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (A) in the case of an Extraordinary Resolution, 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class; or (B) in the case of an Ordinary Resolution, 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class, makes such objection, the Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in (iii) below; and
- (iii) holders of (A) in the case of an Extraordinary Resolution, 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class or (B) in the case of an Ordinary Resolution, 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class have not informed the Issuer via the Clearing Systems in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 40 days of the date of the relevant notice.

Upon the Trustee receiving objections from Noteholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, the Issuer shall give notice to the relevant Class or Classes of Noteholders in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance,

a meeting of Noteholders may be called in accordance with the provisions of this Note Condition 11 in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of this Note Condition 11.

(d) ***Quorum***

The quorum at any meeting of Noteholders of a particular Class for passing:

- (i) an Extraordinary Resolution to approve a Basic Terms Modification shall be one or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than (A) 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting or (B) more than 50 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting;
- (ii) an Extraordinary Resolution to approve any matter other than a Basic Terms Modification shall be one or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than (A) more than 50 per cent. of the Principal Amount Outstanding of the Notes of such Class or (B) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting; and
- (iii) an Ordinary Resolution, shall be one or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than (A) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting and (B) 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting.

(e) ***Modification and waiver***

Subject to Note Condition 11(c), the Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to:

- (i) (A) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation, and (B) any other modification (excluding a Basic Terms Modification and a VRR Entrenched Right), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation);
- (ii) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Trustee such determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant determination); or
- (iii) any modification of any of the provisions of the Transaction Documents which in the opinion of the Trustee are necessary to facilitate (A) the appointment of a replacement Mortgage Administrator selected by the Mortgage Administration Facilitator in accordance with the terms of the Mortgage Administration Agreement; or (B) the appointment of a replacement Legal Title-Holder selected by the Legal Title-Holder Facilitator in accordance with the terms of the Mortgage Administration Agreement; or (C) the appointment of a replacement Cash Administrator selected by the Cash Administrator in accordance with the terms of the Cash Administration Agreement; or (D) compliance with requirements under the Securitisation Regulation,

provided that (i) the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class made pursuant to Note Condition 9

(*Events of Default*) and (ii) the Trustee will have regard to the VRR Entrenched Rights when determining whether to consent to such modification, waiver, authorization or determination.

Other than in respect of a VRR Entrenched Right, the Trustee shall be obliged, without the consent or sanction of any of the Noteholders or any other Secured Creditor, to concur with the Issuer in making any modifications to the Transaction Documents and/or the Conditions that are requested by the Issuer in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date or any requirements under the Securitisation Regulation, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect and, for the avoidance of doubt, the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Trustee in respect of the Notes, in the Transaction Documents and/or the Conditions.

Any such modification, authorisation, determination or waiver shall be binding on the Noteholders and, unless the Trustee agrees otherwise, the Issuer will arrange for it to be notified to the Noteholders as soon as practicable.

(f) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Trustee may otherwise require, but without the consent of, or any liability to, the Noteholders, or the other Secured Creditors to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the Notes and the other Transaction Documents. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the holders of the Most Senior Class.

(g) ***Evidence of Notes***

Where for the purposes of these Note Conditions the Trustee or any other party to the Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party, such holding shall be considered to be established (and the Noteholder in respect of which such holding is established shall be a "**Verified Noteholder**") if such Noteholder provides to the requesting party with regard to the relevant date:

- (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg), in each case, providing confirmation at the time of issue of the same of such person's holding in the Notes; and
- (ii) if the relevant Notes are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Notes such that the Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If in connection with verifying its holding the Trustee or any other party to the Transaction Documents requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(h) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including, but not limited to, those referred to in this Note Condition 11, the Trustee:

- (i) shall have regard to the interests of the Noteholders (or, as applicable, the Noteholders of a particular Class) as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders;
- (ii) shall have regard only to the interests of the holders of the outstanding Notes of the Most Senior Class of Notes where, in the opinion of the Trustee, there is a conflict between the interests of the holders of the Most Senior Class of Notes and the interests of any other Noteholders; and
- (iii) may, in determining whether or not a proposed action will be materially prejudicial to the Noteholders (or, as applicable, the Noteholders of a particular Class), have regard to, among other things, a Rating Agency Confirmation.

12 Indemnification and Exoneration of the Trustee

The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer, the Mortgage Administrator, the Cash Administrator, the Legal Title-Holder and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator, the Cash Administrator, the Legal Title-Holder or any agent or related company of the Mortgage Administrator, the Cash Administrator, the Legal Title-Holder or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee. The Trust Deed provides that the Trustee shall be under no obligation to monitor or supervise compliance by the Issuer, the Mortgage Administrator, the Cash Administrator or the Legal Title-Holder with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

13 Notice to Noteholders

(a) Forms of Notice

All notices, other than notices given in accordance with any one or more of the following paragraphs of this Note Condition 13, to Noteholders shall be deemed to have been validly given if:

- (i) for so long as the Notes are listed on a stock exchange, and the rules of such stock exchange and the Market Abuse Regulation so require, or at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange;
- (ii) for so long as the Notes are represented by Global Notes, and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders;
- (iii) for so long as the Notes are represented by Global Notes and if, for so long as the Notes are listed on a stock exchange, rules of such stock exchange so allow if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or such other medium for the electronic display of data as may be previously approved in writing by the Trustee; or

- (iv) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Ireland and the rest of Europe.

Any such notice shall be deemed to have been given on:

- (A) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
- (B) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg;
- (C) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P.; or
- (D) in the case of a notice published in a newspaper, the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

If it is impossible or impractical to give notice in accordance with paragraph (i), (ii) or (iii) above then notice of the relevant matters shall be given in accordance with paragraph (iv) above.

(b) ***Other Methods***

The Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and **provided that** notice of that other method is given to the Noteholders in the manner required by the Trustee.

(c) ***Notices to Euronext Dublin and Rating Agencies***

A copy of each notice given in accordance with this Note Condition 13 shall be provided to the Rating Agencies and, for so long as the Notes are listed on Euronext Dublin and the guidelines of Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") so require, Euronext Dublin.

14 Governing Law

The Transaction Documents and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law (save that the Scottish Declaration of Trust and the Scottish Trust Security are governed by and shall be construed in accordance with Scots law, and that any provisions which are particular to the laws of Northern Ireland are construed in accordance with the laws of Northern Ireland).

15 Privity of Contract

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

16 Interpretation

In these Note Conditions:

"**Appointee**" means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Deed or the Deed of Charge (as the case may be);

"**Basic Terms Modification**" means any amendments to the following:

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes or the dates on which amounts are payable in respect of the Certificates;

- (b) any reduction of the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes (save for any changes to the reference rate);
- (c) the method of calculating the amounts due in respect of the Certificates;
- (d) the definition of Residual Payment;
- (e) the definition of Class S Payment;
- (f) the priority of payment of interest or principal on the Notes or of payments due in respect of the Certificates;
- (g) the currency of payment of the Notes or of the Certificates or the method of calculation of the amount payable in respect of the Notes or Certificates (including, in relation to any Class of Notes or Certificates, if any such modification is proposed for any Class of Notes ranking *pari passu* to or senior to such Class or the Certificates in the Priorities of Payments);
- (h) this definition of Basic Terms Modification;
- (i) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or of the Certificates;
- (j) the definition of Events of Default;
- (k) Clause 20 (Modification, Waiver and Substitution) of the Trust Deed;
- (l) a release of the Security other than in accordance with the provisions of the Transaction Documents; or
- (m) the provisions concerning the quorum required at any meeting of Noteholders or Certificateholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution.
- (n) limb (a) of the definition of "Event of Default" under the Note Conditions or the Certificates Conditions; or
- (o) the ability of the S Certificateholder to benefit from the Reserve Fund.

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments in London and Dublin, being a day other than Saturday, Sunday or a bank holiday;

"Enforcement Notice" means a notice given by the Trustee to the Issuer under Note Condition 9 (*Events of Default*);

"Extraordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Noteholders and/or Certificateholders or the Noteholders and/or Certificateholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates (as applicable), which resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) an Extraordinary Resolution (other than in respect of a Basic Terms Modification) will pass unless 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Issuer in the prescribed manner of their objection to such Extraordinary Resolution within 40 days of the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which

such objections should be made has been given to such class in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*) by the Issuer, and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin;

"Most Senior Class" means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the F Notes for so long as there are any F Notes outstanding; thereafter the G Notes for so long as there are any G Notes outstanding; thereafter the H Notes for so long as there are any H Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z1 Notes for so long as there are any Z1 Notes outstanding; thereafter the Z2 Notes for so long as there are any Z2 Notes outstanding; thereafter, the S Certificates for so long as there are any S Certificates outstanding; and thereafter the R Certificates for so long as there are any R Certificates outstanding;

"Ordinary Resolution" means

- (a) a resolution passed at a duly convened meeting of the Noteholders and/or Certificateholders or the Noteholders and/or Certificateholders or of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or, if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates (as applicable), which resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*)) an Ordinary Resolution will pass unless 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Issuer in the prescribed manner of their objection to such Ordinary Resolution within 40 days of the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such Class in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*) by the Issuer and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin;

"Rating Agencies" means Moody's and S&P and **"Rating Agency"** means any of them;

"Rating Agency Confirmation" means (i) written confirmation from each Rating Agency that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn and, if relevant, delivers a copy of each such confirmation to the Trustee, or (ii) the Issuer certifies in writing that the Rating Agencies then rating the Notes have been informed of the proposed modification and none of the Rating Agencies have indicated that such modification would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Notes rated thereby;

"Treaty" means the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam; and

"VRR Entrenched Rights" means:

- (a) any modification or waiver which affects the rights of the VRR Loan Noteholder which, if made, would be adverse to the VRR Loan Note where a corresponding modification or waiver was not simultaneously made to or in respect of the other Classes of Notes on an equivalent basis;
- (b) any modification or waiver which affects the VRR Loan Noteholder's entitlement to 5 per cent. of the Net Available Revenue Funds, Net Available Principal Funds and Post-Enforcement Net Available Funds as applicable;

- (c) any modification or waiver which affects the capital treatment of the VRR Loan Noteholder's interest in the Portfolio or the VRR Loan Note, as determined by way of an opinion of a reputable accountancy firm chosen by the VRR Loan Noteholder (such opinion to be provided within 30 days of the VRR Loan Noteholder being provided with final drafts of all documents effecting or relating to such modification or waiver);
- (d) any modification or waiver which puts the VRR Loan Noteholder in breach of its obligations under the Securitisation Regulation, as determined by way of an opinion of a reputable law firm chosen by the VRR Loan Noteholder (such opinion to be provided within 30 days of the VRR Loan Noteholder being provided with final drafts of all documents effecting or related to such modification or waiver);
- (e) any modification to the Mortgage Pool Option Purchase Price; or
- (f) a modification to this definition of "VRR Entrenched Rights".

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below). The S Certificates and the R Certificates (together, the "Certificates") are constituted by a trust deed (as amended or modified from time to time, the "Trust Deed") dated on or about 27 August 2019 (the "Issue Date") between the Issuer and U.S. Bank Trustees Limited (the "Trustee") as trustee for the holders of the Certificates (the "Certificateholders"). Any reference in these terms and conditions (the "Certificates Conditions") shall be a reference to the Certificates and the holders thereof.

These Certificates Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Certificates, (2) the agency agreement (the "Agency Agreement") dated the Issue Date relating to the Certificates between, among others, the Issuer, the Trustee, Elavon Financial Services DAC, UK Branch as agent bank (the "Agent Bank"), Elavon Financial Services DAC, UK Branch as principal paying agent (the "Principal Paying Agent"), Elavon Financial Services DAC as registrar (the "Registrar"), and the other paying agents named in it (the Principal Paying Agent and any other or further paying agent appointed under the Agency Agreement, the "Paying Agents" and together with the Registrar, and the Agent Bank, the "Agents"), (3) the deed of charge and assignment (the "Deed of Charge") dated the Issue Date between the Issuer and the Trustee, and (4) the cash administration agreement (the "Cash Administration Agreement") dated the Issue Date between, *inter alios*, the Issuer and U.S. Bank Global Corporate Trust Limited as Cash Administrator (the "Cash Administrator").

In these Certificates Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the Master Definitions Schedule dated on or about the Issue Date and signed for the purpose of identification by, *inter alios*, the Issuer and the Trustee.

Copies of the Trust Deed, the Agency Agreement, the Deed of Charge, the Cash Administration Agreement, the Master Definitions Schedule and the other Transaction Documents (which, in the case of each Scottish Declaration of Trust, will be in redacted form) are available for inspection during usual business hours at the specified offices from time to time of the Principal Paying Agent. The Certificateholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Agency Agreement, the Deed of Charge, the Master Definitions Schedule and the other Transaction Documents.

1 Form, Denomination and Title

(a) Form and denomination

- (i) Each Certificate will initially be represented by a global certificate in registered form (a "Global Certificate").
- (ii) For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear or Clearstream, Luxembourg, as appropriate.
- (iii) A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the "Definitive Certificates") only if either of the following applies:
 - (A) in the case of a Global Certificate held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise);
 - (B) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on

account of Tax from any payment in respect of the Certificates which would not be required were the Certificates in definitive form or

- (C) announce an intention permanently to cease business and do so cease to do business.
- (iv) If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.
- (v) Definitive Certificates will be serially numbered and will be issued in registered form only.
- (vi) References to "**Certificates**" in these Certificates Conditions shall include the Global Certificates and the Definitive Certificates, and references to "**Certificateholders**" means the persons holding Certificates.

(b) Title

- (i) The person registered in the Register as the holder of any Certificate will (to the fullest extent permitted by Applicable Law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Certificate regardless of any notice of ownership, theft or loss of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Certificate.
- (ii) The Issuer shall cause to be kept at the Specified Office of the Registrar the Register on which shall be entered the names and addresses of the holders of the Certificates and the particulars of the Certificates held by them and of all transfers and redemptions of the Certificates.
- (iii) No transfer of a Certificate will be valid unless and until entered on the Register.
- (iv) Transfers and exchanges of beneficial interests in the Global Certificates and any Definitive Certificates and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Certificates and the detailed regulations concerning transfers of such Certificates contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Certificates. In no event will the transfer of a beneficial interest in a Global Certificate or the transfer of a Definitive Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the UK or the Registrar to any holder of a Certificate who so requests (and who provides evidence of such holding where the Certificates are in global form) and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.
- (v) A Definitive Certificate may be transferred in whole or in part upon the surrender of the relevant Definitive Certificate, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Certificate, a new Definitive Certificate, in respect of the balance remaining, will be issued to the transferor by or by order of the Registrar.
- (vi) Each new Definitive Certificate to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Certificate to such address as may be specified in such request.

- (vii) Registration of Definitive Certificates on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

2 Status, Security and Administration

- (a) The Certificates constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Certificates Condition 7 (*Enforcement of Security, Limited Recourse and Non-Petition*).
 - (i) The Class S Payments rank *pro rata* and *pari passu* with the payment of interest on the A Notes as provided in these Certificates Conditions and the Transaction Documents. There shall only ever be a single holder of the S Certificate.
 - (ii) The Class R Certificates rank *pro rata* and *pari passu* without preference or priority among themselves.
 - (iii) As regards payments on the S Certificates:
 - (A) prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:
 $A \times B \times C / D$, where
A = 0.08%
B = 95 per cent. of the aggregate Current Balance of the Loans calculated as of the immediately preceding Determination Date
C = the number of days in the relevant Interest Period
D = 365
with the total figure rounded downwards to the nearest £0.01
(the "**Class S Payment**")
 - (B) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, any Class S Payment calculated in accordance with paragraph (A) above which has accrued but is unpaid on the date of the Enforcement Notice.
 - (iv) As regards payments on the R Certificates:
 - (A) prior to (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the R Certificates shall be payable only out of residual Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments; and
 - (B) following (i) the date on which the Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the R Certificates will be made in accordance with the residual Available Revenue Funds in accordance with the Post-Enforcement Priority of Payments.
 - (v) For the avoidance of doubt, any residual balance following payment of all senior items in the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments will be payable to the R Certificates. As a result, there may be insufficient funds or no funds available to make payments on the R Certificates.

(b) Security

As security for the payment of all monies payable in respect of the Certificates and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee and any Receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the Legal Title-Holder, the Legal Title-Holder Facilitator, the Mortgage Administrator and the Mortgage Administration Facilitator under the Mortgage Administration Agreement, the Cash Administrator under the Cash Administration Agreement, the Principal Paying Agent and the other Agents under the Agency Agreement, the Account Bank under the Bank Agreement, the Collection Accounts Provider under the Main Collection Account Agreement, the F Collection Account Agreement and the R Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the F Collection Account Relevant Trustee Accession Agreement, the R Collection Account Beneficiary Accession Agreement, the R Collection Account Relevant Trustee Accession Agreement, the Corporate Services Provider under the Corporate Services Agreement, the Paying Agents under the Agency Agreement and any other party which is, or accedes to the Deed of Charge as a secured party, the Issuer will enter into the Deed of Charge, creating the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

- (i) first fixed equitable charge in favour of the Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Loans, the Mortgages and their Related Security (save, in respect of the Scottish Loans, Scottish Mortgages and their Related Security and any Insurance Contracts relating to the Loans);
- (ii) an equitable assignment in favour of the Trustee of the Issuer's interests in the Insurance Contracts to the extent that they relate to the Loans;
- (iii) an assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Bank Agreement, the Main Collection Account Agreement, the F Collection Account Agreement, the R Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the R Collection Account Beneficiary Accession Agreement, the Cash Administration Agreement, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the R Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Supplemental Deed of Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the Agency Agreement and any other agreement entered into between the Issuer and a secured party to the Deed of Charge (other than the Trust Deed (and any deed expressed to be supplemental thereto), the Scottish Declaration of Trust, the Scottish Trust Security and the Deed of Charge) (the "**Charged Obligation Documents**");
- (iv) a first fixed equitable charge in favour of the Trustee over (A) the Issuer's interest in the Transaction Account and any Authorised Investments, (B) the Issuer's beneficial interest in the Collection Accounts and (C) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest);
- (v) an assignment in security of the Issuer's beneficial interest in and title to the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust(s) declared by the Legal Title-Holder pursuant to the Scottish Declaration of Trust); and
- (vi) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (v) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer, including all of its assets located in or otherwise governed by Scots law).

(c) ***Pre-Enforcement Revenue Priority of Payments***

On each Determination Date, the Cash Administrator shall calculate the "**Available Revenue Funds**", being the aggregate of the following amounts as at that Determination Date:

- (i) interest earned and interest received on the Transaction Account pursuant to the Bank Agreement for the Determination Period immediately preceding the relevant Determination Date;
- (ii) income from any Authorised Investments for the Determination Period immediately preceding the relevant Determination Date;
- (iii) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date, (other than any Revenue Collections received in respect of the Loans after the Call Cut-Off Date) or in respect of any Collection Period, Calculated Revenue Funds as calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (iv) any amount standing to the credit of the Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (v) any amount standing to the credit of the Non-Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (vi) such amounts of Available Principal Funds on the relevant Determination Date as determined to be payable under item (i) of the Pre-Enforcement Principal Priority of Payments at the relevant Determination Date, if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be (i) a Revenue Shortfall and/or (ii) an Interest Shortfall in respect of the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes (subject to such Notes being the Most Senior Class) and the VRR Proportion of such Interest Shortfall, in each case on the immediately following Interest Payment Date after application of all other Available Revenue Funds (including paragraphs (iv) and (v) above). Any such amount may only be used for payment of Senior Fees, the Class S Payment and interest on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the VRR Proportion of such amounts pursuant to items (vi)(A), (D), (F), (H), (J), (L) and (N) of the Pre-Enforcement Revenue Priority of Payments and not any other amounts in the Pre-Enforcement Revenue Priority of Payments;
- (vii) any amounts available at item (ii)(I) of the Pre-Enforcement Principal Priority of Payments, and the amount at item (iii) of the Pre-Enforcement Principal Priority of Payments that is to be applied as Available Revenue Funds, at the relevant Determination Date; and
- (viii) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*),

less any Third Party Amounts (for the avoidance of doubt, which does not include any amounts payable by way of Mortgage Administration Fees or Legal Title-Holder Fees otherwise provided for in the relevant Priority of Payments;

"Post-Enforcement Note Share" means 95 per cent. of the Post-Enforcement Net Available Funds.

"Post-Enforcement VRR Share" means 5 per cent. of the Post-Enforcement Net Available Funds.

"Pre-Enforcement Principal VRR Share" means 5 per cent. of the Net Available Principal Funds.

"Pre-Enforcement Principal Note Share" means 95 per cent. of the Net Available Principal Funds.

"Pre-Enforcement Revenue Note Share" means 95 per cent. of the Net Available Revenue Funds.

"Pre-Enforcement Revenue VRR Share" means 5 per cent. of the Net Available Revenue Funds.

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, the Cash Administrator shall apply an amount equal to the Available Revenue Funds in making the following payments in the following order of priority, but, in each case, only to the extent that all payments of a higher priority have been made in full (the **"Pre-Enforcement Revenue Priority of Payments"**):

- (i) *first*, to pay *pro rata* (I) when due the remuneration payable to the Trustee and any fees (including legal fees), costs, charges, expenses and other liabilities paid or incurred by it under the provisions of or in connection with the Trust Deed or the Deed of Charge together with (if payable) any Value Added Tax thereon to the extent provided therein or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and (II) any amounts due and payable to any Appointee of the Trustee in relation to the Transaction Documents;
- (ii) *second*, to pay *pro rata* and *pari passu*:
 - (A) if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), the servicing fee due under the Mortgage Administration Agreement, comprising: (I) the Mortgage Administration Fee payable to the Mortgage Administrator in respect of its performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein, up to and including the Senior Servicing Fee Cap; and (II) the Legal Title-Holder Fee payable to the Legal Title-Holder in respect of its performance of the Legal Title-Holder Duties, together with any costs or expenses and amounts payable under any indemnities owing to the Mortgage Administrator or the Legal Title-Holder in accordance with the terms of the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (B) if the Cash Administration Agreement has not been terminated (except to the extent already paid to the Cash Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), the Cash Administration Fee payable under the Cash Administration Agreement to the Cash Administrator together with (if payable) any Value Added Tax thereon to the extent provided therein, together with any fees (including legal fees), costs, charges, expenses, liabilities, losses, damages, proceedings, claims and demands incurred or paid by the Cash Administrator and amounts payable under any indemnities owing to the Cash Administrator in accordance with the terms of the Cash Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
 - (C) amounts due to and any fees (including legal fees), costs, charges, expenses, liabilities, losses, damages, proceedings, claims and demands paid or incurred by it to the Agents under the Agency Agreement, the Account Bank under the Bank Agreement and the Collection Accounts Provider under the Main

Collection Account Agreement, (and to the extent relating to the collections which relate to Loans beneficially owned by the Issuer) the F Collection Account Agreement and the R Collection Account Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein; and

- (D) amounts due and payable to the Corporate Services Provider under and in accordance with the Corporate Services Agreement and the Mortgage Administration Facilitator and the Legal Title-Holder Facilitator under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
- (iii) *third*, to pay *pro rata*, when due (I) amounts, including audit fees and company secretarial expenses together with (if payable) any Value Added Tax thereon which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment Date and prior to the next Interest Payment Date and to provide for the Issuer's liability or possible liability for tax to the extent not payable from the Issuer Profit and (II) an amount equal to any premia in respect of Insurance;
- (iv) *fourth*, to retain an amount equal to the Issuer Profit, which shall be credited to the Issuer Profit Ledger;
- (v) *fifth*, in an amount equal to the Pre-Enforcement Revenue Note Share, simultaneously and *pari passu* with items (vi)(A) to (vi)(Y) of the Pre-Enforcement Revenue Priority of Payments:
- (A) *first*, to pay *pari passu* and *pro rata*: (I) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders); and (II) the Class S Payment;
 - (B) *second*, amounts to be credited to the Liquidity Reserve Fund Ledger, up to 95 per cent. Liquidity Reserve Fund Required Amount;
 - (C) *third*, amounts to be credited to the A Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the A Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (D) *fourth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders);
 - (E) *fifth*, amounts to be credited to the B Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the B Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
 - (F) *sixth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders);
 - (G) *seventh*, amounts to be credited to the C Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the C Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);

- (H) *eighth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders);
- (I) *ninth*, amounts to be credited to the D Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the D Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
- (J) *tenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders);
- (K) *eleventh*, amounts to be credited to the E Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the E Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
- (L) *twelfth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders);
- (M) *thirteenth*, amounts to be credited to the F Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the F Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
- (N) *fourteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders);
- (O) *fifteenth*, amounts to be credited to the G Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the G Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
- (P) *sixteenth*, amounts to be credited to the Non-Liquidity Reserve Fund Ledger, up to 95 per cent. of the Non-Liquidity Reserve Fund Required Amount;
- (Q) *seventeenth*, amounts to be credited to the H Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the H Principal Deficiency Ledger has reached zero (such amount to be applied as Available Principal Funds);
- (R) *eighteenth*, to pay *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 95 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (iii)(A) of the Pre-Enforcement Revenue Priority of Payments in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;

- (S) *nineteenth*, following the Step-Up Date, payment of any surplus to be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full;
 - (T) *twentieth*, to pay amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders);
 - (U) *twenty-first*, to pay principal *pari passu* and *pro rata* to the holders of the X Notes;
 - (V) *twenty-second*, to pay amounts (other than in respect of principal) payable in respect of the Z1 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z1 Noteholders);
 - (W) *twenty-third*, to pay principal *pari passu* and *pro rata* to the holders of the Z1 Notes;
 - (X) *twenty-fourth*, to pay principal *pari passu* and *pro rata* to the holders of the Z2 Notes (provided that, while the Senior Notes are outstanding, no repayment of principal under the Z2 Notes shall be made); and
 - (Y) *twenty-fifth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the R Certificates.
- (vi) *sixth*, in an amount equal to the Pre-Enforcement Revenue VRR Share, an amount to be paid simultaneously with the payments under items (v)(A) to (v)(Y) of the Pre-Enforcement Revenue Priority of Payments:
- (A) *first*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(A) of the Pre-Enforcement Revenue Priority of Payments;
 - (B) *second*, amounts to be credited to the Liquidity Reserve Fund Ledger, up to 5 per cent. of the Liquidity Reserve Fund Required Amount;
 - (C) *third*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date), to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(C) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (D) *fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(D) of the Pre-Enforcement Revenue Priority of Payments;
 - (E) *fifth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date), to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(E) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
 - (F) *sixth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(F) of the Pre-Enforcement Revenue Priority of Payments;
 - (G) *seventh*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(G) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);

- (H) *eighth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(H) of the Pre-Enforcement Revenue Priority of Payments;
- (I) *ninth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(I) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
- (J) *tenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(J) of the Pre-Enforcement Revenue Priority of Payments;
- (K) *eleventh*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(K) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
- (L) *twelfth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(L) of the Pre-Enforcement Revenue Priority of Payments;
- (M) *thirteenth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(M) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
- (N) *fourteenth*, amounts to be credited to the Non-Liquidity Reserve Fund Ledger, up to 5 per cent. of the Non-Liquidity Reserve Fund Required Amount;
- (O) *fifteenth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(O) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
- (P) *sixteenth*, amounts to be credited to the Non-Liquidity Reserve Fund up to 5 per cent. of the Non-Liquidity Reserve Fund Required Amount;
- (Q) *seventeenth*, so long as the VRR Loan Note will remain outstanding following such Interest Payment Date, to credit the VRR Principal Deficiency Ledger in an amount up to the VRR Proportion of amounts paid under item (v)(Q) of the Pre-Enforcement Revenue Priority of Payments (such amounts to be applied in repayment of principal as Available Principal Funds);
- (R) *eighteenth*, to pay *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 5 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (iii)(A) of the Pre-Enforcement Revenue Priority of Payments in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;

- (S) *nineteenth*, following the Step-Up Date, payment of any surplus to be applied as Available Principal Funds until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full;
- (T) *twentieth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(T) of the Pre-Enforcement Revenue Priority of Payments;
- (U) *twenty-first*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(U) of the Pre-Enforcement Revenue Priority of Payments;
- (V) *twenty-second*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(V) of the Pre-Enforcement Revenue Priority of Payments;
- (W) *twenty-third*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(W) of the Pre-Enforcement Revenue Priority of Payments;
- (X) *twenty-fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(X) of the Pre-Enforcement Revenue Priority of Payments;
- (Y) *twenty-fifth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (v)(Y) of the Pre-Enforcement Revenue Priority of Payments.

In accordance with items (ii)(I) and (iii) of the Pre-Enforcement Principal Priority of Payments, to the extent there remains any Available Principal Funds after all payments of a higher priority have been made in full, such remaining amounts shall be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

(d) Post-Enforcement Priority of Payments

Following (i) the service of an Enforcement Notice, the Trustee shall, to the extent that such funds are available, apply funds standing to the credit of the Transaction Accounts and any other account in the name of the Issuer, excluding amounts standing to the credit of the Issuer Profit Ledger and all other amounts received or recovered by the Issuer, to make payments in the following order of priority pursuant to and in accordance with the Deed of Charge, or (ii) the occurrence of a Redemption Event, the Issuer (or the Cash Administrator) shall, to the extent that such funds are available, apply funds standing to the credit of the Transaction Account in the following order of priority, in each case only to the extent that all payments of a higher priority have been made in full (the "**Post-Enforcement Priority of Payments**"):

- (i) *first*, to pay, *pro rata*, any remuneration then due to the Trustee, any Receiver or Appointee and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by the Trustee, any such Receiver or any such Appointee together with interest thereon (plus Value Added Tax, if any);
- (ii) *second*, to pay, *pro rata* and *pari passu*, the fees, costs, expenses, liabilities, losses, damages, proceedings, claims and demands due to the Mortgage Administrator (up to and including the Senior Servicing Fee Cap), the Mortgage Administration Facilitator, the Cash Administrator, the Paying Agents, the Legal Title-Holder, the Legal Title-Holder Facilitator, the Agent Bank, the Registrar, the Account Bank, the Collection Accounts Provider and the Corporate Services Provider together with (if payable) any Value Added Tax thereon to the extent provided for in the Transaction Documents;

- (iii) *third*, following a Redemption Event only, to pay an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger;
- (iv) *fourth*, in an amount up to the Post-Enforcement Note Share, simultaneously with the payments under items (v)(A) to (v)(O) of the Post-Enforcement Priority of Payments:
 - (A) *first*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders) in accordance with Note Condition 4 (*Interest*);
 - (II) the Class S Payment; and
 - (III) amounts payable to the A Noteholders in respect of principal on the A Notes until the A Notes are redeemed in full;
 - (B) *second*, to pay, *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the B Noteholders in respect of principal on the B Notes until the B Notes are redeemed in full;
 - (C) *third*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the C Noteholders in respect of principal on the C Notes until the C Notes are redeemed in full;
 - (D) *fourth*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the D Noteholders in respect of principal on the D Notes until the D Notes are redeemed in full;
 - (E) *fifth*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the E Noteholders in respect of principal on the E Notes until the E Notes are redeemed in full;
 - (F) *sixth*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the F Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the F Noteholders) in accordance with Note Condition 4 (*Interest*); and

- (II) amounts payable to the F Noteholders in respect of principal on the F Notes until the F Notes are redeemed in full;
- (G) seventh, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the G Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the G Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the G Noteholders in respect of principal on the G Notes until the G Notes are redeemed in full;
- (H) *eighth*, following a Redemption Event only, to pay 95 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit);
- (I) *ninth*, to pay:
 - (I) *pro rata* and *pari passu* amounts payable to the H Noteholders in respect of principal on the H Notes until the H Notes are redeemed in full; and then
 - (II) *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 95 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (ii) of the Post-Enforcement Priority of Payments in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
- (J) *tenth*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the X Noteholders in respect of principal on the X Notes until the X Notes are redeemed in full;
- (K) *eleventh*, to pay *pro rata* and *pari passu*:
 - (I) amounts (other than in respect of principal) payable in respect of the Z1 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z1 Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (II) amounts payable to the Z1 Noteholders in respect of principal on the Z1 Notes until the Z1 Notes are redeemed in full;
- (L) *twelfth*, to pay *pro rata* and *pari passu* amounts payable to the Z2 Noteholders in respect of principal on the Z2 Notes until the Z2 Notes are redeemed in full;
- (M) *thirteenth*, following the service of an Enforcement Notice, to pay 95 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit);

- (N) *fourteenth*, following the service of an Enforcement Notice, to pay 95 per cent. of an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger; and
 - (O) *fifteenth*, to pay any remaining amounts *pro rata* and *pari passu* to the holders of the R Certificates.
- (v) *fifth*, in an amount up to the Post-Enforcement VRR Share, simultaneously with the payments under items (iv)(A) to (iv)(O) of the Post-Enforcement Priority of Payments:
- (A) *first*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(A)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(A)(II) of the Post-Enforcement Priority of Payments;
 - (III) the VRR Proportion of amounts paid under item (iv)(A)(III) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
 - (B) *second*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(B)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(B)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
 - (C) *third*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(C)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(C)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
 - (D) *fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(D)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(D)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
 - (E) *fourth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(E)(I) of the Post-Enforcement Priority of Payments;

- (II) the VRR Proportion of amounts paid under item (iv)(E)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (F) *fifth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
- (I) the VRR Proportion of amounts paid under item (iv)(F)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(F)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (G) *sixth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
- (I) the VRR Proportion of amounts paid under item (iv)(G)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(G)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (H) *seventh*, following a Redemption Event only, to pay 5 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit)
- (I) *eighth*, to make a payment:
- (I) *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(I)(I) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note; and then
 - (II) *pro rata* and *pari passu* if the Mortgage Administration Agreement has not been terminated (except to the extent already paid to the Mortgage Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date), 5 per cent. of any amounts in respect of the Mortgage Administration Fee payable to the Mortgage Administrator in excess of the Senior Servicing Fee Cap without double counting with item (ii) of the Post-Enforcement Priority of Payments in connection with the performance of the Services under the Mortgage Administration Agreement together with (if payable) any Value Added Tax thereon to the extent provided therein;
- (J) *tenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
- (I) the VRR Proportion of amounts paid under item (iv)(J)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(J)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;

- (K) *eleventh*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to:
 - (I) the VRR Proportion of amounts paid under item (iv)(K)(I) of the Post-Enforcement Priority of Payments;
 - (II) the VRR Proportion of amounts paid under item (iv)(K)(II) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (L) *twelfth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(L) of the Post-Enforcement Priority of Payments to pay *pro rata* and *pari passu*, according to the respective amounts thereof, principal due and payable on the VRR Loan Note;
- (M) *thirteenth*, following the service of an Enforcement Notice, to pay 5 per cent. of amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of Issuer Profit);
- (N) *fourteenth*, following the service of an Enforcement Notice, to pay 5 per cent. of an amount equal to the Issuer Profit which shall be credited to the Issuer Profit Ledger; and
- (O) *fifteenth*, to make a payment *pro rata* and *pari passu* to the VRR Loan Noteholder in an amount equal to the VRR Proportion of amounts paid under item (iv)(O) of the Post-Enforcement Priority of Payments

The Security will become enforceable upon the occurrence of an Event of Default (as defined in Note Condition 9 (*Events of Default*)), **provided that**, if an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Certificates or any equivalent amount due in respect of the VRR Loan Note, the Trustee shall not be entitled to dispose of the Charged Property or any part thereof unless either:

- (i) the Cash Administrator certifies to the Trustee (on which certificate the Trustee shall be entitled to rely without liability and without enquiry) that a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of each Class and the equivalent amounts owing under the VRR Loan Notes after payment of all other claims ranking in priority to the Notes and VRR Loan Notes in accordance with the Post-Enforcement Priority of Payments; or
- (ii) the Trustee has obtained the written advice of an investment bank or other financial adviser selected by the Trustee, in its absolute discretion and at the expense of the Issuer, (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so, this provision of Certificates Condition 2(d) shall not apply) and upon which advice the Trustee shall be entitled to rely absolutely and without incurring any liability to any person, which shall be binding on the Noteholders and the other Secured Creditors 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 due in respect of the Notes of each Class and the equivalent amount due in respect of the VRR Loan Note after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Priority of Payments and the Trustee shall have no liability to any person for the consequences of any such opinion reached in accordance with this provision of Certificates Condition 2(d).

The Trustee shall not be bound to make the determination, or seek the written advice of an investment bank or other financial adviser in accordance with this provision of Certificates

Condition 2(d) unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(e) The R Certificates

Holders of the R Certificates shall be entitled to receive their *pro rata* entitlement to the balance of amounts remaining following payments of all other items senior to the R Certificates in the relevant Priorities of Payment.

3 Covenants of the Issuer

Save with the prior written consent of the Trustee or as expressly provided in or expressly envisaged by these Conditions, any of the Bank Agreement, the Main Collection Account Agreement, the F Collection Account Agreement, the R Collection Account Agreement, the Cash Administration Agreement, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the R Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the PPI Deed Poll, the PPI Undertaking Deed, the Deed of Charge, the Scottish Trust Security, the Master Definitions Schedule, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Agency Agreement, the Trust Deed, the VRR Loan Note Agreement (as purchaser) and any other document agreed between the Issuer and the Trustee as being a Transaction Document (together, the "**Transaction Documents**"), the Issuer shall not, so long as any Certificates remain outstanding (as defined in the Trust Deed), *inter alia*:

(a) Negative Pledge

create or permit to subsist any mortgage, security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) Restrictions on Activities

(i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Accounts and Transaction Account held with the Collection Accounts Provider and the Account Bank, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Certificates Condition 2 (*Status, Security and Administration*) and where the Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question;

(iii) have any subsidiaries or employees or premises; or

(iv) act as a director of any company;

(c) Dividends or Distributions

pay any dividend or make any other distribution to its shareholders except from amounts standing to the credit of the Issuer Profit Ledger;

(d) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;

(e) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;

(f) Disposal of Assets

transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option or trust over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein, **provided that** the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, *inter alia*, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;

(g) Tax Grouping

be a member of a VAT (Value Added Tax) group;

(h) Independent Director

at any time have fewer than one independent director; and

(i) Other

permit any of the Transaction Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed and these Conditions, or permit any party to any of the Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents.

4 Certificate Payments and Optional Redemption of the Notes

(a) Right to Certificate Payments

Each S Certificate bears an entitlement to receive a Class S Payment and each R Certificate bears an entitlement to receive a Residual Payment (together with the Class S Payment, the **Certificate Payments** and amounts paid thereunder, the "**Certificate Payment Amounts**").

(b) Payment

Certificate Payments are payable in Sterling on each Interest Payment Date commencing on the first Interest Payment Date.

(c) Record Date

Each payment in respect of a Certificate will be made to the person shown as the Certificateholder in the Register at the opening of business in the place of the Registrar's Specified Office on the 15th day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Global Certificate shall be the only person entitled to receive payments in respect of any Certificate represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(d) Calculation of Certificate Payment Amount

Upon or as soon as practicable prior to any Interest Payment Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Certificate Payment Amount payable on each Certificate for the related Interest Payment Date.

(e) Calculations Final and Binding

Each calculation by or on behalf of the Issuer of any Certificate Payment Amount shall, in the absence of any gross negligence, wilful default or fraud, be final and binding on all persons.

(f) Notification of Certificate Payment Amount and Interest Payment Date

As soon as practicable, prior to each Interest Payment Date, the Issuer or the Agent Bank on its behalf, will cause each:

- (i) Certificate Payment Amount for the related Interest Payment Date; and
- (ii) after each Interest Determination Date, the Certificate Payment Amount for the Interest Payment Date next following the related Interest Period,

to be notified to the Issuer (as applicable), the Cash Administrator (as applicable), the Trustee, the Registrar and the Principal Paying Agent.

(g) Payments on business days

If the due date for payment of any amount in respect of any Certificate is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this Certificate Condition 4(g), "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling-denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(h) Paying Agents

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Paying Agent is at:

(i) Principal Paying Agent

125 Old Broad Street, Fifth floor
London EC2N 1AR
United Kingdom

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Trustee and the Certificateholders in accordance with Certificate Condition 11 (*Notice to Certificateholders*).

(j) Incorrect Payments

The Cash Administrator will, from time to time, notify Certificateholders in accordance with the terms of Certificate Condition 11 (*Notice to Certificateholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Administrator shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Certificate Condition 4(j) shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Administrator shall have any liability to any person for making any such correction.

(k) Mandatory Redemption

Provided that:

- (i) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have received the purchase price (as per the Deed Poll) from a sale of the Charged Property pursuant to the Deed Poll (together with any amounts then standing to the credit of the Transaction Account and any other funds available to the Issuer) as would be required to: (A) redeem all of the Rated Notes then outstanding in full in accordance with the Priority of Payments together with accrued unpaid interest on the Rated Notes and to pay the VRR Proportion of such amounts; (B) pay amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes and the VRR Proportion thereof, on such Interest Payment Date; (C) pay any other costs associated with the redemption (upon which the Trustee shall be entitled to rely without liability and without further enquiry), provided that if the amount received is not sufficient to redeem the Notes and the VRR Loan Note (other than the Rated Notes) and the VRR Proportion thereof in full along with accrued unpaid interest thereon, the remaining Notes outstanding shall be cancelled following application of all available funds in accordance with the relevant Priority of Payments; and
- (ii) on or prior to the Interest Payment Date on which the relevant notice of mandatory redemption expires, no Enforcement Notice has been served following an Event of Default,

the Issuer shall redeem the Notes and the VRR Loan Note, on any Interest Payment Date on or after the Call Option Date, on giving not less than 15 and not more than 30 days' notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable) (the "**Notice of Mandatory Redemption**"). For the avoidance of doubt the R Certificates shall only receive Residual Payments (if any) and shall not be taken into account in determining the amount required to redeem the Notes in accordance with this Certificates Condition 4(k).

(l) *Optional Redemption in Full*

Provided that:

- (i) the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes is less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes upon issue (the "**Clean-Up Call Trigger**");
- (ii) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property (together with any amounts then standing to the credit of the Transaction Account and any other funds available to the Issuer) required to: (A) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes and redeem the VRR Loan Note in full together with the VRR Proportion of such accrued and unpaid interest; (B) pay amounts required under the relevant Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes on such Interest Payment Date; and (C) pay any other costs associated with the exercise of the optional call (upon which the Trustee shall be entitled to rely without liability and without further enquiry). The Issuer shall (without prejudice to the Mortgage Pool Option) grant the Mortgage Pool Option Holder, the right to purchase the Mortgage Pool in the event that a Clean-up Call Trigger occurs; and
- (iii) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date on giving not less than 15 and not more than 30 days' notice to the Noteholders in accordance with

Note Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable). For the avoidance of doubt the R Certificates shall only receive Residual Payments (if any) and shall not be taken into account in determining the amount required to redeem the Notes in accordance with this Certificates Condition 4(l).

5 **Taxation**

All payments in respect of the Certificates will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Certificates subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (together, "FATCA"). In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Principal Paying Agent, any other Paying Agent, or any other person will be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction, including any withholding or deduction pursuant to FATCA.

6 **Events of Default**

Each of the following events shall be treated as an "**Event of Default**" in relation to the Certificates.

- (a) default being made for a period of 10 Business Days in the payment of any amount due in respect of the S Certificates when the same ought to be paid in accordance with these Certificate Conditions; or
- (b) the Issuer failing duly to perform or observe any other obligation binding upon it under the Certificates or the Trust Deed, as applicable, and such failure is (i) in the opinion of the Trustee, incapable of remedy or (ii) in the opinion of the Trustee, capable of remedy but remains unremedied for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (d) below, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
- (d) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by a Certificates Extraordinary Resolution; or
- (e) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator) and such proceedings not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administrator being appointed, or a Receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally; or

- (f) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Certificates or the Transaction Documents,

provided that, in the case of each of the events described in paragraph (b) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

7 **Enforcement of Security, Limited Recourse and Non-Petition**

(a) *Enforcement of Security*

At any time after an Enforcement Notice has been served, the Trustee may, in its absolute discretion and without further notice; (i) take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Certificates, the Trust Deed, these Certificates Conditions and the other Transaction Documents to which it is a party; and (ii) take such steps and/or actions and/or proceedings as it may think fit to enforce the Security, but it shall not be bound to do so unless:

- (i) it shall have been directed by a notice in writing by holders of at least 25 per cent. in number of the Certificateholders; and
- (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Certificateholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

(b) *Limited Recourse*

(i) *Enforcement of Security*

Only the Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge and the Scottish Declaration of Trust (and the Transaction Documents entered into pursuant thereto).

(ii) *Insufficient Recoveries*

If at any time following:

(A) the occurrence of either:

- (1) the Interest Payment Date falling in May 2053 or any earlier date upon which all of the Notes of each Class and the Certificates are due and payable; or
- (2) the service of an Enforcement Notice; and

(B) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes and the VRR Loan Note in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable priority of payments, to pay in full all claims ranking in priority to the Notes, the VRR Loan Note and Certificates and all amounts then due and payable under any Class of Notes and Certificates and the equivalent amounts under the VRR Loan Note, then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (B) above) under such Class of Notes and Certificates and such amount under the VRR Loan Note (and any Class of Notes and Certificates junior to that Class of Notes and Certificates) and such amount under the VRR Loan Note shall, on the day following such application in full of the amounts referred to in paragraph (B) above, cease to be due and payable by the Issuer.

For the purposes of this Certificates Condition 7:

"Realisation" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property, including (without limitation) through sale or through performance by an obligor.

"Charged Property" means the property of the Issuer which is subject to the Security.

(iii) *Certificateholder Acknowledgments*

Each Certificateholder, is deemed to accept and acknowledge that:

- (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment on the Certificates in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property; and
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Certificateholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and

(c) *Non-Petition*

No Certificateholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or for the appointment of a liquidator, receiver, administrative Receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

8 **Meetings of Certificateholders; Modifications; Consents; Waiver**

- (a) The Trust Deed contains provisions for convening separate or combined meetings of the Certificateholders to consider matters relating to the Certificates, including subject to Certificates Condition 8(f), the sanctioning by Certificates Extraordinary Resolution of a modification of any of these Certificates Conditions or any provisions of the other Transaction Documents.
- (b) The Trust Deed also provides that notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification, waiver, determination or authorisation that relates to a VRR Entrenched Right, unless the VRR Loan Noteholder has consented in writing to such modification or waiver.
- (c) Any Certificates Extraordinary Resolution or any Certificates Ordinary Resolution duly passed by a meeting of the Certificateholders shall be binding on all Certificateholders (whether or not they were present at the meeting at which such resolution was passed and whether or not voting) and the VRR Loan Note (other than any resolution in respect of a VRR Entrenched Right which shall only be binding on the VRR Loan Noteholder if the VRR Loan Noteholder has consented in writing to such modification).

No Certificates Extraordinary Resolution to approve any matter other than a Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the Classes of Notes then outstanding ranking senior to the Certificates (to the extent that there are Notes ranking senior to the Certificates) unless, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any Notes or it is sanctioned by an Extraordinary Resolution of the holders of such Notes. Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes or Certificates the exercise of which will be binding on themselves and any junior Class of Notes or Certificates, irrespective of the effect on their interests.

(d) ***Quorum***

The quorum at any meeting of Certificateholders of a particular Class for passing:

- (i) a Certificates Extraordinary Resolution to approve a Basic Terms Modification, shall be two or more persons holding or representing, in aggregate, (A) not less than 75 per cent. of the outstanding Certificates for the initial meeting or (B) in relation to any adjourned meeting, not less than 25 per cent. of the outstanding Certificates;
- (ii) a Certificates Extraordinary Resolution to approve any matter other than a Basic Terms Modification, shall be two or more persons holding or representing, in aggregate, (A) more than 50 per cent. of the outstanding Certificates or (B) in relation to any adjourned meeting, any proportion of the Certificates which the persons constituting the quorum are holding or representing; and
- (iii) a Certificates Ordinary Resolution, shall be two or more persons holding or representing, in aggregate, not less than (A) 25 per cent. of the outstanding Certificates for the initial meeting and (B) in relation to any adjourned meeting, any proportion of the Certificates which the person constituting the quorum are holding or representing.

(e) ***Modification and Waiver***

The Trustee may agree, without the consent or sanction of any of, or any liability to, the Certificateholders, to:

- (i) (A) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation, and (B) any other modification (excluding a Basic Terms Modification and a VRR Entrenched Right), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in the opinion of the Trustee, not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders or Certificateholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation);
- (ii) determine that an Event of Default or a Potential Event of Default will not be treated as such where, in the opinion of the Trustee, such determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant determination); or
- (iii) any modification of any of the provisions of the Transaction Documents which, in the opinion of the Trustee, are necessary to facilitate; (A) the appointment of a replacement Mortgage Administrator selected by the Mortgage Administration Facilitator in accordance with the terms of the Mortgage Administration Agreement; or (B) the appointment of a replacement Legal Title-Holder selected by the Legal Title-Holder Facilitator in accordance with the terms of the Mortgage Administration Agreement or (C) the appointment of a replacement Cash Administrator, or (D) compliance with the requirements under the Securitisation Regulation.

provided that the Trustee will not do so in contravention of an express direction given by a Certificates Extraordinary Resolution or a request made pursuant to Certificates Condition 6 (*Events of Default*). Any such modification, authorisation, determination or waiver shall be binding on the Certificateholders and, unless the Trustee agrees otherwise, the Issuer will arrange for it to be notified to the Certificateholders as soon as practicable.

Other than in respect of a VRR Entrenched Right, the Trustee shall be obliged, without the consent or sanction of any of the Certificateholders or any other Secured Creditor, to concur with

the Issuer in making any modifications to the Transaction Documents and/or the Conditions that are requested by the Issuer in order to comply with any criteria of the Rating Agencies which may be published after the Issue Date or any requirements under the Securitisation Regulation provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect and, for the avoidance of doubt, the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee, would have the effect of (I) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (II) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Trustee in respect of the Notes, the Certificates, in the Transaction Documents and/or the Conditions.

(f) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Trustee may otherwise require, but without the consent of, or any liability to, the Certificateholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Certificates. In the case of such a substitution, the Trustee may agree, without the consent of the Certificateholders, to a change of the law governing Certificates and/or the Trust Deed, **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the holders of the Most Senior Class.

(g) Evidence of Certificates

Where, for the purposes of these Certificates Conditions, the Trustee or any other party to the Transaction Documents requires a Certificateholder holding Certificates through Euroclear or Clearstream, Luxembourg to establish its holding of the Certificates to the satisfaction of such party, such holding shall be considered to be established (and the Certificateholder in respect of which such holding is established shall be a "**Verified Certificateholder**") if such Certificateholder provides to the requesting party with regard to the relevant date:

- (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg), in each case, providing confirmation at the time of issue of the same of such person's holding in the Certificates; and
- (ii) if the relevant Certificates are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Certificates such that the Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If, in connection with verifying its holding, the Trustee or any other party to the Transaction Documents requires a Certificateholder to temporarily block its Certificates in Euroclear or Clearstream, Luxembourg, such Certificateholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(h) Entitlement of the Trustee

In connection with the exercise of its functions (including, but not limited to, those referred to in this Certificates Condition 8), the Trustee:

- (i) shall have regard to the interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Trustee shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders; and

- (ii) may, in determining whether or not a proposed action will be materially prejudicial to the Certificateholders, have regard to, among other things, a Rating Agency Confirmation.

9 Indemnification and Exoneration of the Trustee

The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer, the Mortgage Administrator, the Cash Administrator, the Legal Title-Holder and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator, the Cash Administrator, the Legal Title-Holder or any agent or related company of the Mortgage Administrator, the Cash Administrator, the Legal Title-Holder or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee. The Trust Deed provides that the Trustee shall be under no obligation to monitor or supervise compliance by the Issuer, the Mortgage Administrator, the Cash Administrator or the Legal Title-Holder with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

10 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent, as listed in Certificates Condition 4(h) (*Paying Agents*), subject to all Applicable Laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (**provided that** the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11 Notice to Certificateholders

For so long as the relevant Certificates are in global form, any notice to Certificateholders shall be validly given to the relevant Certificateholders if sent to the Clearing Systems for communication by them to the holders of the relevant Certificates and shall be deemed to be given on the date on which it was sent. If Definitive Certificates are issued, any notice to the holders thereof shall be validly given if sent by first class mail to them at their respective addresses in the Register (or the first named of joint holders) and notice shall be deemed to have been given on the second Business Day after the date of the mailing.

The Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Certificateholder in such manner as the Trustee shall require.

12 Governing Law

The Transaction Documents and the Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law (save that the Scottish Declaration of Trust and Scottish Trust Security shall be governed by and construed in accordance with Scots law and any terms of the Transaction Documents which are particular to the laws of Northern Ireland shall be construed in accordance with the laws of Northern Ireland).

13 Privity of Contract

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

14 Interpretation

In these Certificates Conditions:

"Appointee" means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Deed or the Deed of Charge (as the case may be);

"Basic Terms Modification" means any amendment to the following:

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes or the dates on which amounts are payable in respect of the Certificates;
- (b) any reduction of the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes (save for any changes to the reference rate);
- (c) the method of calculating the amounts due in respect of the Certificates;
- (d) the definition of Residual Payment;
- (e) the definition of Class S Payment;
- (f) the priority of payment of interest or principal on the Notes or of payments due in respect of the Certificates;
- (g) the currency of payment of the Notes or of the Certificates or the method of calculation of the amount payable in respect of the Notes or Certificates (including, in relation to any Class of Notes or Certificates, if any such modification is proposed for any Class of Notes ranking *pari passu* to or senior to such Class or the Residual Certificates in the Priorities of Payments);
- (h) this definition of Basic Terms Modification;
- (i) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or of the Certificates;
- (j) the definition of Events of Default;
- (k) Clause 20 (Modification, Waiver and Substitution) of the Trust Deed;
- (l) a release of the Security other than in accordance with the provisions of the Transaction Documents;
- (m) the provisions concerning the quorum required at any meeting of Noteholders or Certificateholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution;
- (n) limb (a) of the definition of "Event of Default" under the Note Conditions or the Certificates Conditions; or
- (o) the ability of the S Certificateholder to benefit from the Reserve Fund.

"Business Day" means, a day on which commercial banks and foreign exchange markets settle payments in London and Dublin, being a day other than Saturday, Sunday, or a bank holiday;

"Certificates Extraordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

"Certificates Ordinary Resolution" means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

"Enforcement Notice" means a notice given by the Trustee to the Issuer under Note Condition 9 (*Events of Default*) of the Notes;

"Most Senior Class" means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the F Notes for so long as there are any F Notes outstanding; thereafter the G Notes for so long as there are any G Notes outstanding; thereafter the H Notes for so long as there are any H Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z1 Notes for so long as there are any Z1 Notes outstanding; thereafter the Z2 Notes for so long as there are any Z2 Notes outstanding; thereafter, the S Certificates whilst they remain outstanding; and thereafter the R Certificates for so long as there are any Certificates outstanding;

"Rating Agencies" means Moody's and S&P and **"Rating Agency"** means any of them;

"Rating Agency Confirmation" means (i) written confirmation from each Rating Agency that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn and, if relevant, delivers a copy of each such confirmation to the Trustee, (ii) or the Issuer certifies in writing that the Rating Agencies then rating the Notes have been informed of the proposed modification and none of the Rating Agencies have indicated that such modification would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Notes rated thereby;

"Treaty" means the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam; and

"VRR Entrenched Rights" means:

- (a) any modification or waiver which affects the rights of the VRR Loan Noteholder which, if made, would be adverse to the VRR Loan Note where a corresponding modification or waiver was not simultaneously made to or in respect of the other Classes of Notes on an equivalent basis;
- (b) any modification or waiver which affects the VRR Loan Noteholder's entitlement to 5 per cent. of the Net Available Revenue Funds, Net Available Principal Funds and Post-Enforcement Net Available Funds as applicable;
- (c) any modification or **waiver** which affects the capital treatment of the VRR Loan Noteholder's interest in the Portfolio or the VRR Loan Note, as determined by way of an opinion of a reputable accountancy firm chosen by the VRR Loan Noteholder (such opinion to be provided within 30 days of the VRR Loan Noteholder being provided with final drafts of all documents effecting or relating to such modification or waiver);
- (d) any modification or waiver which puts the VRR Loan Noteholder in breach of its obligations under the Securitisation Regulation, as determined by way of an opinion of a reputable law firm chosen by the VRR Loan Noteholder (such opinion to be provided within 30 days of the VRR Loan Noteholder being provided with final drafts of all documents effecting or related to such modification or waiver);
- (e) any modification to the Mortgage Pool Option Purchase Price;
- (f) a modification to this definition of **"VRR Entrenched Rights"**.

MATERIAL LEGAL ASPECTS OF THE LOANS AND THE RELATED SECURITY

The following discussion describes, in summary, the material legal aspects in respect of the assignment of the mortgage loans and related security and of English residential property and mortgages. It is a brief summary and not an exhaustive analysis of the relevant law.

English mortgage loans

General

The parties to a mortgage are the mortgagor, who is the homeowner and who grants the mortgage over his property, and the mortgagee, who is the lender. Each mortgage loan is secured by a mortgage on the property (the "**Mortgaged Property**"). Since the most common form of creating a mortgage on residential property, namely, by means of a legal charge by deed, means that a mortgagor does not cease to be the owner of the property, therefore a mortgagor may be free to create further mortgages on the mortgaged property (subject to any restrictions imposed by the mortgagee in the mortgage deed). Each mortgage loan to be sold to the Issuer will be secured by a mortgage which has a first ranking priority over all other mortgages secured on the mortgaged property and over all unsecured creditors of the Borrower, except in respect of certain rights, which are granted statutory priority. There are two forms of title to land in England and Wales: registered and unregistered. Both systems of title can include both freehold and leasehold estates.

Registered title

Title to registered land is registered at the Land Registry. The registrar allocates a unique title number. Consequently, if there are freehold and leasehold registered interests in the same property, then there will be more than one register of title and a separate title number is allocated to each interest in such property. Each individual register consists of three parts: the property register, the proprietorship register and the charges register.

The property register describes the land and the type of estate, freehold or leasehold that is the subject of that title number. In some instances, the property register or the charges register may also refer to third-party rights that burden the property.

The proprietorship register details the following:

- The class of registered title. There are three classes of registered title for freehold and four classes for leasehold. The most common title (and the best grade of title available) is absolute title. A person registered with absolute title owns the specified estate in the land free from all interests other than those entered on the register, those classified as notice, caution, unregistered interests which override registered disposition (referred to below) and (in the case of leasehold land) all express and implied covenants, obligations and liabilities imposed by the lease or incidental to the land.
- Restrictions on the ability of the registered proprietor to deal with the property, e.g. a restriction imposed by a mortgagee prohibiting registration of subsequent mortgagees or the sale of a property without the mortgagee's prior consent.

The charges register details security interests and encumbrances registered against the property.

The property is also identified by a plan retained at the Land Registry indicating the location of the related land (the "**filed plan**"). However, the filed plan is not conclusive as to matters such as the location of boundaries.

The Land Registration Act 2002 provides that some interests in land will bind the land even though they are not capable of registration at the Land Registry. These fall into two categories:

- overriding interests; and
- adverse rights affecting the title to the estate or charge.

Title to registered land is established and evidenced by the entries on the register and the title plan recorded at the Land Registry containing official copies of the entries on the register relating to that land.

Unregistered title

All land in England and Wales is now subject to compulsory registration on the occurrence of any of a number of trigger events. The most common trigger event is a sale of the land, but since April 1998 the triggers have also included the creation of a first priority legal mortgage over unregistered land. However, an increasingly small but still significant proportion of land in England and Wales (typically where the land has been in the same ownership for a number of years) is still unregistered. Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 15 years. Where the land is affected by third-party rights, some of those rights or interests, including a legal mortgage where the mortgagee has taken possession of the title deeds, can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other interests, including equitable charges, must be registered at the Land Charges Registry in order to be effective against a subsequent purchaser or mortgagee of the land.

Taking security over land

A legal charge of registered land will only be fully perfected once the charge has been registered with the Land Registry. Prior to registration, it will take effect only as an equitable mortgage or charge. A registered legal charge is subject to pre-existing registered legal charges but has priority over pre-existing mortgages which are not registered and legal charges registered subsequent to it. Where land is registered therefore, a mortgagee must register its legal charge at the Land Registry in order to secure priority over any subsequent holder of a legal charge. Priority of mortgages (whether legal, including legal charges, or equitable) over registered land is generally governed by the date of registration of the mortgage rather than the date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register its legal charge. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any application for registration of any interest which is received by the Land Registry during this priority period.

In the system of unregistered land, the mortgagee protects its interest by retaining possession of the title deeds to the mortgaged property. Without the title deeds to the mortgaged property, the Borrower is unable to establish the necessary chain of ownership, and is therefore prevented from dealing with his land without the consent of the mortgagee. Priority of mortgages over unregistered land depends on a number of factors, including whether the mortgagee has taken possession of the title deeds, whether the interest is registerable and whether it has been registered at the Land Charges Registry and the date of creation of the mortgage/legal charge. Generally speaking where all else is equal between two competing mortgages, the priority will be determined by the date of creation of the mortgage/legal charge.

The legal title-holder as mortgagee

The sale to the Issuer of the mortgage loans together with their related security will take effect in equity only and the Issuer will not apply to the Land Registry or the Land Charges Registry to register or record its equitable interest in the mortgages. The consequences of this are explained in the section "*Risk Factors – General Risk Factors and Certain Tax and Regulatory Considerations*".

Enforcement of mortgages

If a Borrower breaches the mortgage conditions of its mortgage loan, the mortgage loan generally provides that all monies under the mortgage loan will become immediately due and payable. The mortgagee would then be entitled to recover all outstanding principal, interest and fees under the covenant of the Borrower contained expressly or impliedly in the mortgage conditions to pay or repay those amounts. In addition, the mortgagee would then be entitled to enforce its mortgage in relation to the defaulted mortgage loan. Enforcement may occur in a number of ways, including the following:

- The mortgagee may enter into possession of the mortgaged property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the mortgaged property and to third parties as occupier of the mortgaged property.
- The mortgagee may lease the mortgaged property to third parties.
- The mortgagee may appoint a receiver to deal with income from the mortgaged property or exercise other rights delegated to the receiver by the mortgagee. A receiver is the agent of the mortgagor and so, unlike when the mortgagee enters into possession of the mortgaged property, in theory the mortgagee is not liable

for the receiver's acts or as occupier of the mortgaged property. In practice, however, the receiver will require indemnities from the mortgagee that appoints it. Similar duties of care will apply to a sale by a receiver as set out below in relation to a sale by a mortgagee.

- The mortgagee may sell the mortgaged property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale arises under the Law of Property Act 1925. The purchaser of a mortgaged property sold pursuant to a mortgagee's power of sale becomes the owner of the mortgaged property.
- The mortgagee may foreclose on the mortgaged property. Under foreclosure procedures, the mortgagor's title to the mortgaged property is extinguished so that the mortgagee becomes the owner of the mortgaged property. The remedy is, because of procedural constraints, rarely used.

Notwithstanding the above, in order to enforce a power of sale in respect of a mortgaged property, the mortgagee must generally obtain possession of the mortgaged property (to sell the mortgaged property with vacant possession) either voluntarily or by a court order. Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower broadly where it appears to the court that the Borrower is likely to be able, within a reasonable time period, to pay any sums due under the mortgage loan or to remedy any other breach of obligation under the mortgage loan or its related security. If a possession order in favour of the mortgagee is granted, it may be suspended to allow the Borrower more time to pay. There is generally an expectation that the mortgagee will be able to show documentary evidence of its reasonable treatment of the Borrower. It is rare at a first instance hearing for a court to order immediate possession. Possession proceedings in relation to residential property are seen as a last resort (see further "*Mortgage Regulation in the UK*" which provides more details of the Pre-Action Protocol that a mortgagee must comply with in order to obtain possession). Once possession is obtained, the mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the mortgaged property. Failure to do so will put the mortgagee at risk of an action by the Borrower for breach of such duty, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the property within a reasonable time.

Scottish loans

General

A standard security is the only means of creating a fixed charge over heritable or long leasehold property in Scotland. Its form must comply with the requirements of the 1970 Act. There are two parties to a standard security. The first party is the grantor, who is the borrower and homeowner. The grantor grants the standard security over its property (and is generally the only party to execute the standard security). The second party is the grantee of the standard security, who is the lender and is called the heritable creditor. Each Scottish Loan will be secured by a standard security which has a first ranking priority over all other standard securities secured on the property and over all unsecured creditors of the borrower. Borrowers may create a subsequent standard security over the relevant property without the consent of the Seller or Legal Title-Holder. Upon intimation to the Seller (in its capacity as trustee for the Issuer pursuant to the Scottish Declaration of Trust) of any subsequent standard security the prior ranking of the relevant standard security shall be restricted to security for advances made prior to such intimation and advances made subsequent to such intimation which the Seller, Legal Title-Holder or the Issuer is obliged to advance, and interest and expenses in respect thereof.

The 1970 Act automatically imports a statutory set of Standard Conditions into all standard securities, although the majority of these may be varied by agreement between the parties. The relevant Originators, along with most major lenders in the residential mortgage market in Scotland, elected to vary the Standard Conditions by means of their own set of Scottish mortgage conditions, the terms of which are in turn imported into each standard security. The main provisions of the Standard Conditions which cannot be varied by agreement relate to redemption and enforcement, and in particular the notice and other procedures that are required to be carried out prior to the exercise of the heritable creditor's rights on a default by the borrower.

Nature of property as security

While title to all land in Scotland is registered there are currently two possible forms of registration, namely the Land Register and Sasine Register. Both systems of registration can include both heritable (the Scottish equivalent to freehold) and long leasehold land.

Land Register

This system of registration was established by the Land Registration (Scotland) Act 1979 and now applies to the whole of Scotland. Any sale of land (including a long leasehold interest in land) the title to which has not been registered in the Land Register or the occurrence of certain other events in relation thereto trigger its registration in the Land Register, when it is given a unique title number. Title to the land and the existence of a standard security over it are established by the entries on the Land Register relating to that land. Prior to 22 January 2007, the holder of the title received a land certificate containing official copies of the relevant entries on the Land Register. Similarly, the holder of any standard security over the land in question received a charge certificate containing official copies of the entries relating to that security. Between 22 January 2007 and 8 December 2014 such land and charge certificates were only issued to the relevant title or security holder if so requested at the time of the relevant registration and were otherwise be available in electronic form only. With the coming into force of the Land Registration etc. (Scotland) Act 2012 from 8 December 2014, land and charge certificates are no longer issued, with details of the title available in electronic form only. A person whose land is registered in the Land Register owns the land free from all interests other than those entered on the Register, those classified as overriding interests and any other interests implied by law.

The relevant Land Register entries and land certificate (whether in paper or electronic form) will reveal the present owners of the land, together with any standard securities and other interests (other than certain overriding interests and certain interests implied by law) affecting the land. They will also contain a plan indicating the location and extent of the land. While this plan is not in all circumstances conclusive as to the extent of the land, it cannot be amended if this would be to the prejudice of a proprietor in possession of the land, unless the statutory indemnity in respect of such amendments has been expressly excluded in the relevant Land Register entries and land certificate.

Sasine Register

Title to all land in Scotland where no event has yet occurred to trigger registration in the Land Register is recorded in the General Register of Sasines. Title to such land is proved by establishing a chain of documentary evidence of title going back at least ten years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights (including standard securities) would have to be recorded in the Sasine Register in order to be effective against a subsequent purchaser of the land.

Taking security over land

A heritable creditor must register or record its standard security in the Land Register or the Sasine Register (as applicable) in order to perfect its security and secure priority over any subsequent standard security. Until such registration or recording (as applicable) occurs, a standard security will not be effective against a subsequent purchaser or the heritable creditor under another standard security over the property. Priority of standard securities is (subject to express agreement to the contrary between the security holders) governed by their date of registration rather than their date of execution. From 8 December 2014 there is an advance notice system for the Land Register which will accord the notified dealing priority against any application made during the notice period and is, broadly, analogous to the priority period system which operates in relation to registered land in England and Wales.

The seller as heritable creditor

The sale of the Scottish Loans and their related security by the Seller to the Issuer will be given effect by the Scottish Declaration(s) of Trust by the Legal Title-Holder (at the request and instruction of the Seller) (and any further sale of Scottish Loans and their related security in the future will be given effect by further Scottish declarations of trust), by which the beneficial interest in the Scottish Loans and their Related Security will be transferred to the Issuer. Such beneficial interest (as opposed to the legal title) cannot be registered in the Land Register or Sasine Register. The consequences of this are explained in the section "*Title to the Mortgage Pool*".

Enforcement of mortgages

If a borrower defaults under a Scottish Loan, the Scottish mortgage conditions provide that all monies under that Scottish Loan will become immediately due and payable. The Legal Title-Holder or its successors or assignees would then be entitled to recover all outstanding principal, interest and fees under the obligation of the borrower contained in the Scottish mortgage conditions to pay or repay those amounts. In addition, the Legal Title-Holder or its successors or assignees may enforce its standard security in relation to the defaulted Scottish Loan. Under the 2010 Act, the seller or its successors and assignees are obliged to provide the borrower with prescribed information as soon as the borrower is in default and the Legal Title-Holder or its successors or assignees are obliged to take reasonable steps to agree proposals with the borrower. If the 2010 Act obligations are not complied with the Legal Title-Holder or its successors or assignees risk being prevented from enforcing their security by calling up and repossession. Enforcement may occur in a number of ways, including the following (all of which arise under the 1970 Act):

- The heritable creditor may enter into possession of the property. If it does so, it does so in its own right and not as agent of the borrower, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property.
- The heritable creditor may grant a lease of the property of up to seven years (or longer with the court's permission) to third parties.
- The heritable creditor may sell the property, subject to various duties to ensure that the sale price is the best that can reasonably be obtained. The purchaser of a property sold pursuant to a heritable creditor's power of sale becomes the owner of the property.
- The heritable creditor may, in the event that a sale cannot be achieved, foreclose on the property. Under foreclosure procedures the borrower's title to the property is extinguished so that the heritable creditor becomes the owner of the property. However, this remedy is rarely used

In contrast to the position in England and Wales, the heritable creditor has no power to appoint a receiver under the standard security.

A court order under section 126 of the CCA is necessary to enforce a standard security in certain circumstances as described under "*Risk Factors – General Risk Factors and Certain Tax and Regulatory Considerations*".

Borrower's right of redemption

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974 the grantor of any standard security has an absolute right, on giving appropriate notice, to redeem that standard security once it has subsisted for a period of 20 years, subject only to the payment of certain sums specified in Section 11 of that Act. These specified sums consist essentially of the principal monies advanced by the lender, interest thereon and expenses incurred by the lender in relation to that standard security.

Northern Irish mortgage loans

General

The parties to a mortgage are the mortgagor, who is homeowner and who grants the mortgage over his property, and the mortgagee, who is the lender. Each mortgage loan is secured by a mortgage on the property (the "**Northern Irish mortgaged property**"). Since the most common forms of creating a charge/mortgage on residential property, by means of a legal charge by deed which involves the transfer by title by way of security and a legal mortgage by demise (in relation to freehold land) or by sub-demise (in relation to leasehold land), subject to the mortgagor's equity of redemption, means that a mortgagor does not cease to be the registered owner of the property, generally a mortgagor will be free to create further mortgages on the Northern Irish mortgaged property (subject to any restrictions imposed by the mortgagee in the mortgage deed). Each mortgage loan to be sold to the Issuer will be secured by a mortgage which has a first ranking priority over all other mortgages secured on the Northern Irish mortgaged property and over all unsecured creditors of the Borrower, except in respect of certain rights, which are granted statutory priority. There are two forms of title to land in Northern Ireland: registered and unregistered. Both systems of title can include fee farm grants (a conveyance of freehold title subject to a perpetual yearly rent and covenants), freehold and leasehold estates.

Registered title

Title to registered land is registered at the Land Registry of Northern Ireland. The registrar allocates a unique folio number. Consequently if there are freehold and leasehold registered interests in the same property, then there will be more than one register of title and a separate folio number is allocated to each interest in such property. Each individual register consists of three parts: part I containing a description of the land, part II containing the name and address of the registered owner and other particulars relating to ownership of the land and part III containing particulars relating to burdens and charges along with other matters.

Part I describes the land and the type of estate, fee farm grant, freehold or leasehold that is the subject of that folio number. In some instances Part I or Part III may also refer to third party rights that burden the property.

Part II details the following:

- (a) The class of registered title. There are four classes of registered title for freehold and four classes for leasehold. The most common title (and the best grade of title available) is absolute title. A person registered with absolute title owns the specified estate in the land free from all interests other than those entered on the register, those classified as notice, caution, unregistered interests which override registered dispositions (referred to below) and (in the case of leasehold land) all express and implied covenants, obligations and liabilities imposed by the lease or incidental to the land.
- (b) Restrictions on the ability of the registered owner to deal with the property e.g. an inhibition imposed by a mortgagee prohibiting registration of subsequent mortgagees or the sale of a property without the mortgagee's prior consent.

Part III details security interests, burdens and encumbrances registered against the property.

The property is also identified by a registry map retained at the Land Registry indicating the location of the related land. However, the registry map is not conclusive as to matters such as the location of boundaries.

The Land Registration (Northern Ireland) Order 1970 provides that some interests in land will bind the land even though they are not capable of registration at the Land Registry of Northern Ireland. These fall into two categories:

- Overriding interests; and
- adverse rights affecting the title to the estate or charge.

Title to registered land is established and evidenced by the entries on the title register and the registry map recorded at the Land Registry of Northern Ireland containing official copies of the entries on the register relating to that land.

Unregistered title

All land in Northern Ireland is now subject to compulsory registration on the occurrence of any of a number of trigger events. The most common trigger event is a sale of the land, which does not include the creation of a first priority legal mortgage over unregistered land. A substantial proportion of land in Northern Ireland is still unregistered (typically where the land has been in the same ownership for a number of years). Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 15 years. Where the land is affected by third party rights, some of those rights or interests, including a legal mortgage where the mortgagee has taken possession of the title deeds, can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other interests, including mortgages, must be registered at the Registry of Deeds in order to be effective against a subsequent purchaser or mortgagee of the land.

Taking security over land

A legal charge of registered land will only be fully perfected once the charge has been registered with the Land Registry of Northern Ireland. Prior to registration, it will take effect only as an equitable mortgage or charge. A registered legal charge is subject to pre existing registered legal charges but has priority over pre existing mortgages which are not registered and legal charges registered subsequent to it. Where land is registered therefore, a mortgagee must register its legal charge at the Land Registry of Northern Ireland in order to secure priority over any subsequent holder of a legal charge. Priority of mortgages (whether legal, including legal charges,

or equitable) over registered land is generally governed by the date of registration of the mortgage rather than the date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register its legal charge. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any application for registration of any interest which is received by the Land Registry of Northern Ireland during this priority period.

In the system of unregistered land, the mortgagee protects its interest by retaining possession of the title deeds to the Northern Irish mortgaged property and registering the mortgage at the Registry of Deeds. Without the title deeds to the Northern Irish mortgaged property, the Borrower is unable to establish the necessary chain of ownership, and is therefore prevented from dealing with his land without the consent of the mortgagee. Priority of mortgages over unregistered land depends on a number of factors including, whether the mortgagee has taken possession of the title deeds, whether the interest is registerable and whether it has been registered at the Registry of Deeds and the date of creation of the mortgage. Generally speaking where all else is equal between two competing mortgages, the priority will be determined by the date of registration of the mortgage at the Registry of Deeds.

The legal title-holder as mortgagee

The sale to the Issuer of the mortgage loans together with their related security will take effect in equity only and the Issuer will not apply to the Registries of Northern Ireland to register or record its equitable interest in the mortgages. The consequences of this are explained in the section "*Risk Factors – General Risk Factors and Certain Tax and Regulatory Considerations*".

Enforcement of mortgages

If a Borrower breaches the mortgage conditions of its mortgage loan, the mortgage loan generally provides that all monies under the mortgage loan will become immediately due and payable. The mortgagee would then be entitled to recover all outstanding principal, interest and fees under the covenant of the Borrower contained expressly or impliedly in the mortgage conditions to pay or repay those amounts. In addition, the mortgagee would then be entitled to enforce its mortgage in relation to the defaulted mortgage loan. Enforcement may occur in a number of ways, including the following:

- The mortgagee may enter into possession of the Northern Irish mortgaged property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the Northern Irish mortgaged property and to third parties as occupier of the Northern Irish mortgaged property.
- The mortgagee may lease the Northern Irish mortgaged property to third parties.
- The mortgagee may appoint a receiver to deal with income from the Northern Irish mortgaged property or exercise other rights delegated to the receiver by the mortgagee. A receiver is the agent of the mortgagor and so, unlike when the mortgagee enters into possession of the Northern Irish mortgaged property, in theory the mortgagee is not liable for the receiver's acts or as occupier of the Northern Irish mortgaged property. In practice, however, the receiver will require indemnities from the mortgagee that appoints it. Similar duties of care will apply to a sale by a receiver as set out below in relation to a sale by a mortgagee.
- The mortgagee may sell the Northern Irish mortgaged property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale arises under the Conveyancing and Law of Property Act 1881. The purchaser of a Northern Irish mortgaged property sold pursuant to a mortgagee's power of sale becomes the owner of the Northern Irish mortgaged property.
- The mortgagee may foreclose on the Northern Irish mortgaged property. Under foreclosure procedures, the mortgagor's title to the Northern Irish mortgaged property is extinguished so that the mortgagee becomes the owner of the Northern Irish mortgaged property. The remedy is, because of procedural constraints, rarely used.

Notwithstanding the above, in order to enforce a power of sale in respect of a Northern Irish mortgaged property, the mortgagee must generally obtain possession of the Northern Irish mortgaged property (to sell the Northern Irish mortgaged property with vacant possession) either voluntarily or by a court order. Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower

broadly where it appears to the court that the Borrower is likely to be able, within a reasonable time period, to pay any sums due under the mortgage loan or to remedy any other breach of obligation under the mortgage loan or its related security. If a possession order in favour of the mortgagee is granted it may be suspended to allow the Borrower more time to pay. There is generally an expectation that the mortgagee will be able to show documentary evidence of its reasonable treatment of the Borrower. It is rare at a first instance hearing for a court to order immediate possession. Possession proceedings in relation to residential property are seen as a last resort (see further "*Mortgage Regulation in the UK*" which provides more details of the Pre-Action Protocol that a mortgagee must comply with in order to obtain possession in England and a similar protocol applies in Northern Ireland where possession is obtained through the Enforcement of Judgments Office). Once possession is obtained the mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Northern Irish mortgaged property. Failure to do so will put the mortgagee at risk of an action by the Borrower for breach of such duty, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the property within a reasonable time.

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' ("HMRC") practice (which may or may not be binding on HMRC) relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes in each case as at the latest practicable date before the date of this prospectus. It does not deal with other United Kingdom tax implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to taxation in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. The Certificates and the VRR Loan Note are not considered below.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes 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. Euronext Dublin is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the European Economic Area and are admitted to trading on Euronext Dublin. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to that Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

UNITED STATES FEDERAL INCOME TAXATION

A discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Rule 144A Notes is set out below. As set forth in the discussion below it is anticipated that, upon issuance of the Rule 144A Notes, Allen & Overy LLP will deliver its opinion that, although there is no authority on the treatment of instruments substantially similar to the Rule 144A Notes, when issued, the A Notes, B Notes, C Notes, D Notes and E Notes will, and the F Notes should, be treated as debt for U.S. federal income tax purposes.

General

The following is a general summary of certain material U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Rule 144A Notes. In general, the discussion only addresses a holder that acquires the Notes at original issuance and holds the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following:

- (a) financial institutions;
- (b) insurance companies;
- (c) dealers or traders in stocks, securities, notional principal contracts or currencies;
- (d) tax-exempt entities;
- (e) regulated investment companies;
- (f) real estate investment trusts;
- (g) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- (h) partnerships or other pass-through entities for U.S. federal income tax purposes;
- (i) certain former citizens or residents of the United States; and
- (j) United States holders (as defined below) that have a "functional currency" other than the U.S. Dollar.

This discussion also does not address alternative minimum tax or net investment income tax consequences, or the indirect effects on the holders of equity interests in holders of Notes, nor does it describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

This discussion is based on the Code, U.S. Treasury regulations and judicial and administrative interpretations thereof, all as currently in effect and subject to change at any time, possibly with retroactive effect.

No rulings will be sought from the U.S. Internal Revenue Service (the "IRS") on any of the issues discussed in this section and there can be no assurance that the IRS or courts will agree with the conclusions expressed herein. Accordingly, investors are encouraged to consult their own tax advisers as to the U.S. federal income tax consequences to the investor of the purchase, ownership and disposition of the Notes to them, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.

As used in this section, the term **United States holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes:

- (a) a citizen or resident of the United States;
- (b) a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia);
- (c) an estate the income of which is subject to U.S. federal income tax without regard to its source; or
- (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes,

is subject to U.S. federal income tax on its net income in respect of the Notes. A **Non-United States holder** is a beneficial owner of the Notes that is neither a United States holder nor an entity or arrangement classified as a partnership for U.S. federal income tax purposes. If a holder of Notes is an entity or arrangement treated as a partnership for U.S. federal income tax purposes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Such partners of partnerships or entities or arrangements treated as partnerships for U.S. federal income tax purposes holding Notes are encouraged to consult their own tax advisers regarding the personal tax consequences to them.

Under the Tax Cuts and Jobs Act of 2017 (the Tax Cuts and Jobs Act), a United States holder that uses an accrual method of accounting for U.S. federal income tax purposes generally would be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. For Rule 144A Notes issued with original issue discount, the effective date is for tax years beginning after December 31, 2018. The precise application of this rule is unclear at this time. Prospective investors in the Rule 144A Notes that use an accrual method of accounting for tax purposes or that are required to accrue original issue discount (as discussed below) interest are urged to consult with their tax advisers regarding the potential applicability of the Tax Cuts and Jobs Act to their particular situation.

Characterisation of the Rule 144A Notes

The Issuer will treat the Rule 144A Notes other than the H Notes, X Notes, Z1 Notes and Z2 Notes (the "**U.S. Notes**") as indebtedness for U.S. federal income tax purposes. Each beneficial owner holder of a U.S. Note, by acceptance of such U.S. Note, will agree to treat such U.S. Note as indebtedness for U.S. federal income tax purposes. Although there is no authority regarding the treatment of instruments that are substantially similar to the U.S. Notes, upon issuance of the U.S. Notes, Allen & Overy LLP will deliver an opinion that when issued, the A Notes, B Notes, C Notes, D Notes and E Notes will, and the F Notes should, be treated as debt for U.S. federal income tax purposes. This opinion is not binding on the IRS, and no assurance can be given that the characterisation of the U.S. Notes as indebtedness will prevail if the issue were challenged by the IRS. No opinion will be given in respect of the G Notes, although the Issuer intends to treat the G Notes as debt of the Issuer for U.S. federal income tax purposes. In general, the characterisation of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on a holder, unless the holder takes an inconsistent position and discloses such position in its tax return. This characterisation, however, is not binding on the IRS. In particular, there can be no assurances that the IRS would not contend, and that a court would not ultimately hold, that the G Notes constitute equity of the Issuer. Prospective United States holders of the U.S. Notes should consult with their own tax advisers as to the effect of a recharacterisation of the U.S. Notes as equity interests in the Issuer. In general, if a Class of Notes were treated as equity, the discussion under the heading "*Taxation of United States holders of the Equity Notes*" below and elsewhere of the tax consequences of holding Equity Notes (as defined below) would be relevant to holders of that Class as well. Except as otherwise stated below, the remainder of this discussion assumes the U.S. Notes will be treated as indebtedness for U.S. federal income tax purposes.

The Issuer has agreed, and by its acceptance of a H Note, X Note, Z1 Note or Z2 Note (the "**Equity Notes**") each beneficial owner of an Equity Note will be deemed to have agreed, to treat the Equity Notes as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by any governmental authority. The balance of this discussion assumes that the Equity Notes will properly be characterised as equity in the Issuer.

Taxation of United States holders of the U.S. Notes

Qualified Stated Interest and Original Issue Discount

United States holders of U.S. Notes generally will be required to include in gross income the U.S. Dollar value of payments of "qualified stated interest" (generally, stated interest unconditionally payable at least annually at a single fixed rate or certain floating rates) accrued or received on their U.S. Notes, in accordance with their usual method of tax accounting, as ordinary interest income. The Issuer intends to treat interest on the A Notes as "qualified stated interest" under U.S. Treasury regulations ("**OID Regulations**") relating to original issue discount ("**OID**"). As a consequence, discount on a A Note arising from an issuance at less than par will only be required to be accrued under the OID Regulations if such discount equals or exceeds 0.25 per cent. of the A Note's stated redemption price at maturity multiplied by the number of complete years to its maturity. In general, the stated redemption price at maturity of a A Note is the total of all payments provided by the A Notes that are not payments of qualified stated interest. If the discount on a A Note does not exceed the above threshold, such discount will be

treated as *de minimis* OID and will be included in income on a *pro rata* basis as principal payments are made on the A Note.

If a United States holder holds a A Note or other U.S. Note issued with OID other than a Deferred Interest Note (as defined below) (any such Note, a "**Discount Note**"), such United States holder must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Note. The amount of OID includible in income by a United States holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the United States holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Discount Note may be of any length selected by the United States holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year, and (ii) each scheduled payment of interest or principal on the Discount Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of interest on the Discount Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is equal to the "issue price" of the Discount Note (generally, the first price at which a substantial amount of U.S. Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers), increased by the amount of any OID accrued for each prior accrual period and reduced by payments other than payments of qualified stated interest.

Because payments of stated interest on the B Notes, C Notes, D Notes, E Notes, F Notes and G Notes (together, the "**Deferred Interest Notes**") are contingent on available funds and subject to deferral, the Deferred Interest Notes will be treated for U.S. federal income tax purposes as having OID. The total amount of such discount with respect to a Deferred Interest Note will equal the sum of all payments to be received under such Deferred Interest Note less its issue price (the first price at which a substantial amount of Deferred Interest Notes of the same Class was sold to investors). A U.S. holder of Deferred Interest Notes will be required to include OID in income as it accrues. The amount of OID accruing in any Interest Period will generally equal the stated interest accruing in that period (whether or not currently due) plus any additional amount representing the accrual under a constant yield method of any additional OID represented by the excess of the principal amount of the Deferred Interest Notes over their issue price. Accruals of any such additional OID will be based on the projected weighted average life of the Deferred Interest Notes rather than their stated maturity. In the case of Deferred Interest Notes, accruals of OID should be calculated by assuming that interest will be paid over the life of the Deferred Interest Note based on the value of SONIA (as applicable to the particular class of Notes) used in setting interest for the first Interest Period, and then adjusting the income for each subsequent Interest Period for any difference between the actual value of SONIA used in setting interest for those periods and the assumed rate.

As an alternative to the above treatments, United States holders may elect to include in gross income all interest with respect to the U.S. Notes, including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium, using the constant yield method described above.

Solely for purposes of the OID rules, the Issuer will assume that the U.S. Notes will be retired no later than the Step-Up Date. Notwithstanding the preceding sentence, if the U.S. Notes are not retired on or before the Step-Up Date, then the Issuer will treat the U.S. Notes as having been reissued on the Step-Up Date solely for purposes of applying the OID rules. If any U.S. Notes are deemed retired and reissued, then such deemed reissued Notes may be treated as issued with OID. The OID rules are complex and U.S. Holders should consult their own tax advisers regarding the application of the OID rules in their particular circumstances.

Interest income on the U.S. Notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a United States holder's foreign tax credit limitation for U.S. federal income tax purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and United States holders are

encouraged to consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sale, exchange or retirement of the U.S. Notes

In general, a United States holder of a U.S. Note will have an adjusted tax basis in such U.S. Note equal to the cost of the U.S. Note to such holder, increased by any amounts includible in income by the holder as OID, and reduced by any payments thereon other than payments of qualified stated interest. Upon a sale, exchange or retirement of the U.S. Note, a United States holder will generally recognise gain or loss equal to the difference between the amount realised (less any accrued interest, which would be taxable as such) and the holder's adjusted tax basis in the U.S. Note, in each case as determined in U.S. Dollars. Such gain or loss will be long-term capital gain or loss if the United States holder has held the U.S. Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations. United States holders should consult their own tax advisers about how to account for proceeds received on the sale, exchange or other retirement of U.S. Notes that are not paid in U.S. Dollars.

Foreign Currency Gain or Loss

A United States holder holding U.S. Notes denominated in a non-U.S. Dollar currency will be subject to the U.S. federal income tax rules generally applicable to debt instruments denominated in a non-functional currency. Under those rules, interest income generally will be calculated in the non-U.S. Dollar currency and converted into U.S. Dollars based on an applicable exchange rate. The holder will recognise foreign currency gain or loss (which is ordinary income or loss) as interest payments are received to account for any difference between the amount of reported interest income and the U.S. Dollar value of the interest payments received. OID on U.S. Notes denominated in a non-U.S. Dollar currency for each accrual period will be determined in the non-U.S. Dollar currency that such U.S. Note is denominated in and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis United States holder. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale, exchange or retirement of a Discount Note), a United States holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

Foreign currency gain or loss also may be recognised as principal payments are received, or upon a sale, exchange or retirement of the U.S. Notes (limited by the overall gain or loss on sale, exchange or retirement of the U.S. Notes), reflecting changes in exchange rates over the period in which the U.S. Notes are held and will generally be treated as ordinary income or loss. United States holders purchasing U.S. Notes denominated in a non-U.S. Dollar currency should consult their own tax advisers regarding the calculation and treatment of foreign currency gain or loss.

Taxation of United States holders of the Equity Notes

Investment in a Passive Foreign Investment Company

A non-U.S. corporation will be classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes if 75 per cent. or more of its gross income (including the pro rata share of the gross income of any corporation in which the non-U.S. corporation is considered to own 25 per cent. or more of the shares by value) in a taxable year is passive income. Alternatively, a non-U.S. corporation will be classified as a PFIC if at least 50 per cent. of its assets, averaged over the year and generally determined based on fair market value (including the pro rata share of the assets of any corporation in which the non-U.S. corporation is considered to own 25 per cent. or more of the shares by value) are held for the production of, or produce, passive income.

Based on the assets that the Issuer expects to hold and the income anticipated thereon, it is highly likely that the Issuer will be classified as a PFIC for U.S. federal income tax purposes. Accordingly, the following discussion assumes that the Issuer will be a PFIC throughout the term of the Equity Notes, and United States holders of Equity Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC (subject to the discussion under "*Investment in a Controlled Foreign Corporation*" below).

If the PFIC rules are otherwise applicable and a United States holder has not elected to treat the Issuer as a "qualified electing fund" (as described in the next paragraph), such United States holder generally will be subject to special rules with respect to (i) any "excess distribution" (generally, any distributions received by the United States holder on the Equity Notes in a taxable year that are greater than 125 per cent. of the average annual distributions received by the United States holder in the three preceding taxable years or, if shorter, the United States holder's holding period for the Equity Notes) and (ii) any gain realised on the sale, exchange or retirement of the Equity Notes. Under these rules, (a) the excess distribution or gain will be allocated rateably over the United States holder's holding period, (b) the amount allocated to the current taxable year will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest tax rate on ordinary income in effect for each taxable year to which the income is allocated, as if such distributions and gain had been recognised rateably over the United States holder's holding period for the Equity Notes. An interest charge is also applied to the deferred tax amount resulting from the deemed rateable distribution.

If a United States holder elects to treat the Issuer as a "qualified electing fund" (a "QEF"), distributions and gain will not be taxed as if recognised rateably over the United States holder's holding period or subject to an interest charge. Instead, a United States holder that makes a QEF election is required for each taxable year to include in income the United States holder's pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified electing fund as capital gain, regardless of whether such earnings or gain have in fact been distributed (assuming the discussion below under "*Investment in a Controlled Foreign Corporation*" does not apply), and subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. Consequently, in order to comply with the requirements of a QEF election, a United States holder must receive from the Issuer certain information. The Issuer will cause its independent accountants to provide United States holders, upon request and at the expense of such United States holder, with the information reasonably available to the Issuer that a United States holder would need (i) with respect to a United States holder of Equity Notes, to make a QEF election, and (ii) with respect to any United States holder of an F Note or a G Note (and at such holder's expense), to file a protective statement preserving such United States holder's ability to make a retroactive QEF election with respect to the Issuer. Except as expressly noted, the discussion below assumes that a QEF election will not be made.

If the Issuer is a PFIC, each United States holder of an Equity Note must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which the United States holder holds a direct or indirect interest. If a United States holder does not file IRS Form 8621, the statute of limitations on the assessment and collection of U.S. federal income taxes of such United States holder for the related tax year may not close before the date which is three years after the date on which such report is filed. Prospective investors should consult their own tax advisers regarding the potential application of the PFIC rules.

Investment in a Controlled Foreign Corporation

Depending on the degree of ownership of the Equity Notes and other equity interests in the Issuer by United States holders, the Issuer may be a controlled foreign corporation ("CFC"). In general, a foreign corporation will constitute a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to combined voting power or value, are owned, directly or indirectly, or by attribution, by "**United States shareholders**". A United States shareholder for this purpose is any United States person that owns or is treated as owning under specified attribution rules, 10 per cent. or more of the combined voting power or the total value of all classes of shares of a foreign corporation. If more than 50 per cent. of the Equity Notes and other voting securities of the Issuer are held by such United States shareholders, the Issuer would be a CFC.

If the Issuer were treated as a CFC, a United States shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer in an amount equal to that person's pro rata share of the Issuer's **subpart F income**. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, substantially all of its income would be subpart F income. In addition, distributions of previously taxed amounts included as dividends by a United States shareholder generally will not be treated as income to the United States shareholder when distributed. Instead, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed

amounts attributable to movements in exchange rates between the times of deemed and actual distributions and certain "dividends" from such CFC could be recharacterised as U.S. source income for U.S. foreign tax credit purposes.

If the Issuer were to constitute a CFC, for the period during which a United States holder of Equity Notes is a United States shareholder of the Issuer, such holder generally would be taxable on the Issuer's subpart F income under rules described in the preceding paragraph and not under the PFIC rules previously described. A United States holder that is a United States shareholder of the Issuer subject to the CFC rules for only a portion of the time during which it holds Equity Notes should consult its own tax adviser regarding the interaction of the PFIC and CFC rules.

Distributions on the Equity Notes

Except to the extent that distributions are attributable to amounts previously taxed by virtue of a QEF election or pursuant to the CFC rules, some or all of any distributions with respect to the Equity Notes may constitute excess distributions, taxable as previously described. Distributions of current or accumulated earnings and profits of the Issuer, as determined for U.S. federal income tax purposes, which are not excess distributions will be taxed as dividends when received. The amount of such income is determined by translating non-U.S. Dollar currency received into U.S. Dollars at the spot rate on the date of receipt. A United States holder may realise foreign currency gain or loss on a subsequent disposition of the non-U.S. Dollar currency received.

Sale, Exchange or Retirement of the Equity Notes

In general, a United States holder of an Equity Note will recognise gain or loss upon the sale, exchange or retirement of the Equity Note equal to the difference between the amount realised and such holder's adjusted tax basis in such Equity Note, each as determined in U.S. Dollars. Initially, the tax basis of a United States holder should equal the amount paid for an Equity Note. Such basis will be increased by amounts taxable to such United States holder by virtue of a QEF election or the CFC rules (if applicable), and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital. United States holders should consult their own tax advisers about how to account for proceeds received on the sale, exchange or other retirement of U.S. Notes that are not paid in U.S. Dollars.

Unless a QEF election is made, it is highly likely that any gain realised on the sale, exchange or retirement of an Equity Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above (assuming that the PFIC rules apply and not the CFC rules).

Subject to a special limitation for individual United States holders that have held the Equity Notes for more than one year, if the Issuer were treated as a CFC and a United States holder were treated as a United States shareholder thereof, any gain realised by such holder upon the sale, exchange or retirement of Equity Notes would be treated as ordinary income to the extent of the United States holder's pro rata share of current and accumulated earnings and profits of the Issuer and any of its subsidiaries. In this respect, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules.

Foreign Currency Gain or Loss

A United States holder of Equity Notes that recognises income from the Equity Notes under the QEF or CFC rules discussed above will recognise foreign currency gain or loss attributable to movement in foreign exchange rates between the date when it recognised income under those rules and the date when the income actually is distributed. Any such foreign currency gain or loss will be treated as ordinary income or loss.

A United States holder that purchases Equity Notes with previously owned foreign currency generally will recognise foreign currency gain or loss in an amount equal to any difference between the United States holder's tax basis in the foreign currency and the U.S. Dollar value of the foreign currency at the spot rate on the date the Equity Notes are purchased. A United States holder that receives foreign currency upon the sale, exchange or retirement of the Equity Notes generally will have a tax basis in the foreign currency received equal to the U.S. Dollar amount realised. Any gain or loss realised by a United States holder on a subsequent conversion of the foreign currency for a different amount will be foreign currency gain or loss.

Investors should consult their own tax advisers regarding the application of these foreign currency rules to their investment in the Equity Notes.

Transfer and Other Reporting Requirements

In general, United States holders that acquire Equity Notes for cash may be required to file IRS Form 926 and to supply certain additional information to the IRS if (i) such United States holder owns (directly or indirectly) immediately after the transfer, at least 10 per cent. by vote or value of the Issuer or (ii) the transfer when aggregated with all related transfers under applicable regulations exceeds \$100,000. In addition, a United States holder of Equity Notes that owns (actually or constructively) at least 10 per cent. by vote or value of the Issuer may be required to file an information return on IRS Form 5471. A United States holder of Equity Notes generally is required to provide additional information regarding the Issuer annually on IRS Form 5471 if it owns (actually or constructively) more than 50 per cent. by vote or value of the Issuer.

Prospective investors in the Equity Notes should consult with their own tax advisers regarding whether they are required to file IRS Form 8886 in respect of this transaction. Such filing generally will be required if such investors file U.S. federal income tax returns or U.S. federal information returns and recognise losses in excess of a specified threshold. Such filing will also generally be required by a United States holder of the Equity Notes if the Issuer both participates in certain types of transactions that are treated as "reportable transactions", such as a transaction in which its loss exceeds a specified threshold, and either (x) such United States holders owns 10 per cent. or more of the aggregate amount of the Equity Notes and makes a QEF election with respect to the Issuer or (y) the Issuer is treated as a CFC and such United States holder is a "United States shareholder" (as defined above) of the Issuer. If the Issuer does participate in a reportable transaction, it will make reasonable efforts to make such information available. Significant penalties may be imposed on taxpayers required to file IRS Form 8886 that fail to do so timely.

Foreign Financial Asset Reporting

Certain United States holders that own certain foreign financial assets, including debt or equity of foreign entities, with an aggregate value in excess of certain U.S. Dollar thresholds may be required to file an information report with respect to such assets with their tax returns and the understatement of income attributable to such foreign financial assets may extend the statute of limitations with respect to the tax return. Failure to comply with this requirement may result in the imposition of substantial penalties. United States holders are urged to consult their tax advisers regarding the application of these reporting requirements to their ownership of the Rule 144A Notes.

Taxation of Non-United States holders of the Notes

Subject to the back-up withholding and Foreign Account Tax Compliance Act rules discussed below, a Non-United States holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note and gain from the sale, redemption or other disposition of a Note unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-United States holder of a trade or business in the U.S.; (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-United States holder, that holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-United States holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Non-United States holders are encouraged to consult their own tax advisers regarding the U.S. federal income and other tax consequences to them of owning Notes.

Back-up withholding and information reporting

Back-up withholding and information reporting requirements may apply to certain payments on the Notes and to proceeds of the sale or redemption of the Notes to United States holders. The Issuer, its agent, a broker or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to back-up withholding if the United States holder fails to furnish the United States holder's taxpayer identification number (usually on IRS Form W-9), to certify that such United States holder is not subject to back-up withholding, or to otherwise comply with the applicable certification requirements of the back-up withholding rules. Certain United States holders are not subject to the back-up withholding and information reporting requirements. Non-United States holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or IRS Form W-8BEN-E) to establish that they are not United States holders in order to avoid the application of such information reporting requirements and back-up withholding.

Back-up withholding is not an additional tax. Any amounts withheld under the back-up withholding rules will be refunded or credited against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Holders of Notes are encouraged to consult their own tax advisers as to their qualification for exemption from back-up withholding and the procedure for obtaining an exemption.

U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, 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 jurisdiction. 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 and Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes and Certificates, 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 and Certificates, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding, unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes and Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes and Certificates, no person will be required to pay additional amounts as a result of the withholding.

ERISA CONSIDERATIONS FOR INVESTORS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include for ERISA purposes the assets of such plans (collectively, **ERISA Plans**), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts, and entities whose underlying assets include the assets of such plans (together with ERISA Plans, the **Plans**)) and persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, any Paying Agent, the Registrar or any other party to the transactions referred to in this Prospectus may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the Issuer, any Paying Agent, the Registrar or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest solely by reason of providing services to the plan (and neither it nor its affiliate has or exercises discretionary authority or control, or renders investment advice with respect to assets involved in the transaction), provided that the Plan receives no less than and pays no more than adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to state, local, other federal or non-U.S. law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for the purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies.

Under the Plan Asset Regulation, a security which is in the form of debt may be considered an equity interest if it has substantial equity features. If the Issuer is deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "Benefit Plan Investors" is not significant, then the "look-through" rule will not apply to such entity. The term "Benefit Plan Investors" is defined in the Plan Asset Regulation to include (1) any employee benefit plan subject to Title I of ERISA, (2) any plan described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, and (3) any entity whose underlying assets include "plan assets" for ERISA purposes by reason of any such employee benefit plan or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the total value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, who have discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, or any "affiliate" (as such term is defined in the Plan Asset Regulation) of such persons) is held by Benefit Plan Investors. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the A Notes, the B Notes, the C Notes, the D Notes and the E Notes ("**ERISA-Eligible Notes**") should not be treated as equity interests for the purposes of the Plan Asset Regulation and, therefore, the look-through rule of the Plan Asset Regulation should not apply. However, while not entirely clear, it is possible that the Certificates and the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes and the Z2 Notes could be viewed as equity interests for the purposes of the Plan Asset Regulation.

Accordingly, any Certificates or Notes that are not ERISA-Eligible Notes (and any interest therein) may not be purchased or held (i) by any Plan or (ii) by any governmental, church or non-U.S. plan which is subject to any Similar law unless, with respect to item (ii) above, the acquisition, holding and transfer or other disposition of such Certificates or Notes (or any interest therein) will not constitute or result in a violation of Similar Law, and each purchaser of such Certificates or Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Certificates or Notes (or any interest therein) will not be, a Plan or governmental, church or non-U.S. plan subject to Similar Law, or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Certificates or Notes (or any interest therein) will not constitute or result in a violation of Similar Law. Each purchaser of ERISA-Eligible Notes (or any interest therein) will be deemed to have represented, warranted and agreed that (i) it is not, and for so long as it holds such Notes (or any interest therein) will not be, a Plan or a governmental, church or non-U.S. plan subject to Similar Law, or (ii) its acquisition, holding and transfer or other disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law.

Each Plan fiduciary who is responsible for making the investment decisions on whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan or governmental, church or non-U.S. plan proposing to invest in such Notes should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or a violation of Similar Law and will satisfy the other requirements of ERISA, the Code and any Similar Law.

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Paying Agent, the Registrar or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PURCHASE AND SALE

This Prospectus has been approved by the Central Bank of Ireland as the Irish competent authority under the Prospectus Regulation. The Central Bank of Ireland has only approved this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list and trading on its regulated market.

The Joint Lead Managers and certain funds managed and/or sub-advised by Davidson Kempner Capital Management LP have pursuant to a subscription agreement (the "**Subscription Agreement**") agreed with the Issuer (subject to certain conditions) to procure subscriptions and payments for or subscribe for on the Issue Date (for the avoidance of doubt, at the relevant issue price):

- (a) in the case of the Joint Lead Managers:
 - (i) 100 per cent. of the aggregate principal amount of the A Notes;
 - (ii) 100 per cent. of the aggregate principal amount of the B Notes;
 - (iii) 100 per cent. of the aggregate principal amount of the C Notes;
 - (iv) 100 per cent. of the aggregate principal amount of the D Notes;
 - (v) 100 per cent. of the aggregate principal amount of the E Notes;
 - (vi) 100 per cent. of the aggregate principal amount of the F Notes;
 - (vii) 100 per cent. of the aggregate principal amount of the G Notes; and
 - (viii) 100 per cent. of the aggregate principal amount of the X Notes;
- (b) in the case certain funds managed and/or sub-advised by Davidson Kempner Capital Management LP:
 - (i) 100 per cent. of the aggregate principal amount of the H Notes;
 - (ii) 100 per cent. of the aggregate principal amount of the Z1 Notes; and
 - (iii) 100 per cent. of the aggregate principal amount of the Z2 Notes.

On the Issue Date, the Issuer will also issue the S Certificates and the R Certificates.

Each of the Joint Lead Managers will subscribe for the Rule 144A Notes on a several but not joint basis. Each of the Joint Lead Managers will subscribe for the Reg S Notes on a joint and several basis.

The Retention Holder has agreed to subscribe for the VRR Loan Note for an amount equal to 5 per cent. of (100/95) of the principal amount of the Notes and the Certificates (and, for the avoidance of doubt, the Certificates do not have a principal amount).

The Issuer and (in respect of certain expenses only) the Seller has agreed in the Subscription Agreement to reimburse and indemnify the Joint Lead Managers for certain of their expenses and liabilities in connection with the issue of Notes and the VRR Loan Note.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Subscribed Notes to the Issuer.

General

Under the Subscription Agreement, each of the Joint Lead Managers has acknowledged that, save for making such applications and for having procured the delivery of a copy of the Prospectus for registration to the Central Bank, no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes, or possession or distribution of the Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Notes in any country or jurisdiction where action for that purpose is required. Under the Subscription Agreement, each of the Joint Lead Managers has agreed to comply with all Applicable Laws and regulations in each jurisdiction in or from which it may offer or sell the Notes or have in its

possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material.

It is expected that delivery of Notes will be made against payment on the Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes who wish to trade Notes between the date of pricing and the Issue Date should consult their own adviser.

Attention is drawn to the information set out on the inside front cover of this Prospectus.

United States

The Arranger and each Joint Lead Managers have acknowledged that any Certificates or Notes that are not ERISA Eligible Notes (and any interest therein) may not be purchased or held (i) by an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject thereto, or a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, or by a person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan" and each purchaser of such Certificates or Notes (or any interest therein) will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Certificates or Notes (or any interest therein) will not be, such an "employee benefit plan", "plan" or person or a governmental, church or non-U.S. plan subject to Similar Law or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Certificates or Notes (or any interest therein) will not constitute or result in a violation of Similar Law. Each purchaser of ERISA-Eligible Notes (or any interest therein) will be deemed to have represented, warranted and agreed that (i) it is not, and for so long as it holds such Notes (or any interest therein) will not be, such an "employee benefit plan", "plan" or person or a governmental, church or non-U.S. plan subject to Similar Law, or (ii) its acquisition, holding and transfer or other disposition of such Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law.

Each of the Arranger and the Joint Lead Managers has acknowledged, in the Subscription Agreement, that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and therefore may not be offered, sold or delivered directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons except, with respect to the Rule 144A Notes only, to persons that are QIBs in reliance on Rule 144A or pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or federal securities laws. In addition, the Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available.

Notes of each Class will be issued in minimum denominations of £250,000 and integral multiples of £1,000 in excess thereof.

In connection with any Reg S Notes, each of the Issuer, the Arranger and the Joint Lead Managers has acknowledged and agreed that, except as permitted under the Subscription Agreement, it will not offer, sell or deliver the Reg S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Reg S Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Reg S Notes within the United States or to, or for the account or benefit of, U.S. Person. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by the Arranger or any Joint Lead Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements under the Securities Act.

In connection with any Rule 144A Notes, the Arranger and each Joint Lead Manager has agreed that with respect to the relevant Rule 144A Notes for which it has subscribed, it will directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs in reliance on Rule 144A, and each purchaser of Notes is hereby notified that the Arranger and the Joint Lead Managers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Rule 144A

Notes which may be purchased by a QIB is £250,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Issuer, the Arranger and the Joint Lead Managers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by the Arranger or a Joint Lead Manager or, in each case, its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States, or by any QIB in the United States, to any U.S. person or to any other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto), is unauthorised. Any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB), is prohibited.

The Arranger and each Joint Lead Manager has acknowledged that Reg S Notes may not be purchased or held by a Benefit Plan Investor (as defined in the Plan Asset Regulation), and each purchaser of any such Notes will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Notes will not be, such a Benefit Plan Investor or, if it is a governmental, church or non-U.S. plan, its acquisition, holding, and transfer or other disposition of such Notes will not result in a violation of Similar Law.

United Kingdom

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it 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.

Prohibition of Sales to EEA Retail Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");
or

- (b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Ireland

Each of the Joint Lead Managers has represented and agreed that:

- (a) it will not underwrite the issuance of, or place the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "**MiFID Regulations**") including, without limitation, Regulation 5 (*Requirement for authorisation (and certain provisions concerning MTFs and OTFs)*) thereof, any codes of conduct made under the MiFID Regulations and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issuance of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the "**Companies Act**"), the Central Bank Acts 1942-2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) it will not underwrite the issuance of, or place, or do anything in Ireland with respect to, the Notes otherwise than in conformity with the provisions of the European Union (Prospectus) Regulations 2019 and any rules issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act; and
- (d) it will not underwrite the issuance of, place or otherwise act in Ireland with respect to, the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including any interests therein) have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other Applicable Laws. Accordingly, the Notes (and any interests therein) are being offered and sold (i) in the case of the Rule 144A Notes, in the United States only to QIBs in transactions exempt from the registration requirements of the Securities Act pursuant to Rule 144A and in accordance with any state securities law and (ii) in the case of the Reg S Notes, outside the United States to non-U.S. persons in compliance with Regulation S.

The Notes may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S, or (b) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

On or prior to the expiration of the Distribution Compliance Period, ownership of interests in Reg S Global Notes will be limited to persons who have accounts with Euroclear or Clearstream, Luxembourg, or persons who hold interests through Euroclear or Clearstream, Luxembourg, and any sale or transfer of such interests to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below. Any offers, sales or deliveries of the Notes in the United States or to U.S. persons by an investor purchasing in an offshore transaction pursuant to Regulation S prior to the end of the Distribution Compliance Period may constitute a violation of United States law.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (including any interests therein) will be deemed to have represented and agreed as follows:

- (a) the Notes are only being offered in a transaction that does not require registration under the Securities Act and the Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction of the United States and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below;
- (b) that (A) in the case of the Rule 144A Global Notes, it (i) is a QIB within the meaning of Rule 144A under the Securities Act, (ii) is aware, and each beneficial owner of such Notes has been advised, that the sale to it is being made in reliance on Rule 144A under the Securities Act, (iii) is acquiring such Notes for its own account or as a fiduciary or agent for others (which others must also be QIBs) for investment purposes and not for distribution in violation of the Securities Act, and (iv) is able to bear the economic risk of an investment in such Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Notes; or (B) in the case of the Reg S Notes, it is not a U.S. person (within the meaning of Regulation S under the Securities Act and is acquiring such Reg S Notes for its own account or as a fiduciary or agent for other non-U.S. persons in an offshore transaction (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;
- (c) such Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and such notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (d) the Issuer is not and will not be registered under the Investment Company Act;
- (e) it understands that the Notes are being offered only in a transaction that does not require registration under the Securities Act, and, if it decides to resell or otherwise transfer the Notes, then it agrees that it will

- resell or transfer such Notes only: (A) to the Issuer; (B) to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (C) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); (D) to a non-U.S. person acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; (E) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (f) it will, and will require each subsequent holder to, notify any subsequent purchaser of the Notes of the resale restrictions referred to in paragraph (k) below, if then applicable;
 - (g) each purchaser and subsequent transferee of any ERISA-Eligible Note (or any interest therein) will be deemed by such purchase or acquisition of any such Note (or any interest therein) to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Note (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Note (or any interest therein), that (A) it is not a Plan or a governmental, church or non-U.S. plan subject to Similar Law or (B) its acquisition, holding and transfer or other disposition of such Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law. Each purchaser and subsequent transferee of any Certificate or Note that is not an ERISA-Eligible Note (or any interest therein) will be deemed by such purchase or acquisition of any such Certificate or Note (or any interest therein) to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Certificate or Note (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Certificate or Note (or any interest therein), that (A) it is not a Plan or governmental, church or non-U.S. plan subject to Similar Law, or (B) if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Certificate or Note (or any interest therein) will not constitute or result in a violation of Similar Law;
 - (h) it understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Reg S Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;
 - (i) it also understands that the Notes offered in reliance on Regulation S will be represented by the Reg S Global Notes. Before any interest in the Reg S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide the Registrar with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;
 - (j) it understands that the Issuer, the Registrar, the Arranger and their affiliates and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained in this section "*Transfer Restrictions and Investor Representations*". If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
 - (k) with respect to any foreign purchaser claiming an exemption from United States income or withholding tax, such purchaser has delivered to the paying agent a true and complete Form W 8BEN, W-8ECI or W-8IMY, indicating such exemption; and the purchaser acknowledges that transfers of the issuing entity notes or any interest therein will otherwise be subject in all respects to any other restrictions applicable thereto contained in the Trust Deed.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Reg S Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION OF THE UNITED STATES.

PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), IN EACH CASE (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

[[*TO BE INCLUDED FOR NOTES THAT ARE ERISA-ELIGIBLE:*] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE, (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) A PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN "EMPLOYEE BENEFIT PLAN" OR "PLAN", OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO ANY, STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (B) ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF SIMILAR LAW.)]

[[*TO BE INCLUDED FOR NOTES THAT ARE NOT ERISA-ELIGIBLE:*] BY ITS ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN, EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN WILL NOT BE, (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) A PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN "EMPLOYEE BENEFIT PLAN" OR "PLAN", OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO ANY, STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (B) IF IT IS A

GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID AB INITIO. THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.]

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Rule 144A Global Note will bear a legend substantially as set forth below:

THIS NOTE IS ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (IV) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN ITEM (A) ABOVE. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (THE COMMON SAFEKEEPER) TO THE REGISTRAR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER (AND ANY PAYMENT HEREON IS MADE TO SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO SUCH NOMINEES OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

TO BE INCLUDED FOR NOTES THAT ARE ERISA-ELIGIBLE: EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE, (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT

INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) A PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN "EMPLOYEE BENEFIT PLAN" OR "PLAN", OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO ANY, STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (B) ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF SIMILAR LAW).

TO BE INCLUDED FOR NOTES THAT ARE NOT ERISA-ELIGIBLE: BY ITS ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN, EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN WILL NOT BE, (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) A PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN "EMPLOYEE BENEFIT PLAN" OR "PLAN", OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (B) IF IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE OR ANY INTEREST HEREIN THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID AB INITIO. THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

- (1) The issue of the Notes, the VRR Loan Note and the Certificates has been authorised by resolution of the Board of Directors of the Issuer passed on 24 July 2019.
- (2) The Issuer's LEI is: 213800QK28TOM7GHF98.
- (3) Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained). Euronext Dublin's Regulated Market is a regulated market for the purposes of MiFID II.
- (4) The Notes and Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Reg S ISIN	Reg S Common Code	Rule 144A ISIN	Rule 144A Common Code
A Notes	XS2033254959	203325495	XS2033256145	203325614
B Notes	XS2033255170	203325517	XS2033256491	203325649
C Notes	XS2033255097	203325509	XS2033256657	203325665
D Notes	XS2033255253	203325525	XS2033256574	203325657
E Notes	XS2033255337	203325533	XS2033256731	203325673
F Notes	XS2033255410	203325541	XS2033256905	203325690
G Notes	XS2033255501	203325550	XS2033256814	203325681
H Notes	XS2033255683	203325568	XS2033257036	203325703
X Notes	XS2033255766	203325576	XS2033257119	203325711
Z1 Notes	XS2033255840	203325584	XS2033257382	203325738
Z2 Notes	XS2033255923	203325592	XS2033257200	203325720
S Certificates	XS2033256061	203325606	XS2033257465	203325746
R Certificates	XS2033256228	203325622	XS2033257549	203325754

- (5) The auditors of the Issuer, KPMG LLP, are members of the Institute of Chartered Accountants of England and Wales. The financial year end of the Issuer is 31 December. The first statutory financial statements of the Issuer will be prepared for the period ended 31 December 2019.
- (6) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since its date of incorporation a significant effect on its financial position and profitability nor is the Issuer aware that any such proceedings are pending or threatened.
- (7) In relation to this transaction, the Issuer, on or about the date of this Prospectus, has entered into the Subscription Agreement referred to under "*Purchase and Sale*" which is, or may be, material.
- (8) Since 25 June 2019 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or the financial position of the Issuer.
- (9) From the Issue Date until the earlier of redemption in full of the last outstanding Note or the Final Maturity Date, the Issuer will provide ongoing performance data on this transaction (including quarterly investor reports (each of which shall contain a glossary of the terms used in such report, whether by

reference to this Prospectus or otherwise) and other statistical information regarding the securities to be admitted to trading and the performance of the Mortgage Pool (including anonymised loan level data)), being available at www.euroabs.com in electronic form for investors, potential investors and firms that generally provide services to investors. The contents of this website are for information purposes only and do not form part of this Prospectus. It is also intended that information on the Loans in the Mortgage Pool will be published on the website at www.euroabs.com provided that neither the Issuer nor any other Relevant Party assumes any liability for any failure to publish any such information thereon. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.

(10) From the Issue Date until the earlier of redemption in full of the last outstanding Note or the Final Maturity Date, copies of the following documents may be inspected in electronic or physical form during usual business hours at the registered office of the Issuer or online at www.euroabs.com and will be available in such manner for at least as long as the Notes are admitted to listing on Euronext Dublin and the guidelines of Euronext Dublin so require:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) drafts (subject to modification) or, if available, final versions of the following documents:
 - (i) the Master Definitions Schedule;
 - (ii) the Bank Agreement;
 - (iii) the Main Collection Account Agreement;
 - (iv) the F Collection Account Agreement;
 - (v) the R Collection Account Agreement;
 - (vi) the F Collection Account Beneficiary Accession Agreement;
 - (vii) the R Collection Account Beneficiary Accession Agreement;
 - (viii) the F Collection Account Relevant Trustee Accession Agreement;
 - (ix) the R Collection Account Relevant Trustee Accession Agreement;
 - (x) the Cash Administration Agreement;
 - (xi) the Main Collection Account Declaration of Trust;
 - (xii) the F Collection Account Declaration of Trust;
 - (xiii) the F Collection Account Supplemental Deed of Declaration of Trust;
 - (xiv) the R Collection Account Declaration of Trust;
 - (xv) the R Collection Account Supplemental Deed of Declaration of Trust;
 - (xvi) the Deed of Charge;
 - (xvii) the Scottish Trust Security;
 - (xviii) the Corporate Services Agreement;
 - (xix) the Deed Poll;
 - (xx) the PPI Deed Poll;
 - (xxi) the PPI Undertaking Deed;
 - (xxii) the Mortgage Administration Agreement;
 - (xxiii) the Mortgage Sale Agreement;
 - (xxiv) the Scottish Declaration of Trust (in redacted form);
 - (xxv) the Agency Agreement;

- (xxvi) the Trust Deed;
- (xxvii) the Issuer/ICSD Agreement; and
- (xxviii) the VRR Loan Note Agreement.

- (11) As at the date hereof, save for the issue of the Notes, the VRR Loan Note and the Certificates, the Issuer, since its incorporation on 5 July 2019, has not commenced operations nor prepared any accounts.
- (12) The aggregate transaction fees and expenses for the issue and listing of the Notes are estimated to be in the region of £10,000.
- (13) The Issuer will, from the Issue Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available a cash flow model to Noteholders, either directly or indirectly through one or more entities that provide cash flow models to investors generally.
- (14) The Issuer (or the Mortgage Administrator on its behalf) will, on or about the Issue Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available loan level data to investors and update such information on a regular basis.
- (15) Any website referred to in this document does not form part of the Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.
- (16) The Issuer is the designated entity for the purposes of the Article 7(2) of the Securitisation Regulation.
- (17) The Issuer will procure that EuroABS will from the date of this Prospectus:
 - (a) publish a quarterly investor report (such report to be provided to EuroABS by the Cash Administrator on behalf of the Issuer), as then required by and in accordance with Article 7(1)(e) of the Securitisation Regulation; and
 - (b) publish on a quarterly basis certain loan level information in relation to the Mortgage Pool in respect of each Determination Period (such loan level information in relation to the Mortgage Pool to be provided to EuroABS by the Mortgage Administrator on behalf of the Issuer) as then required by and in accordance with Article 7(1)(a) of the Securitisation Regulations,in each case, in the form prescribed as at such time under the Securitisation Regulation;
- (18) The Issuer will procure that EuroABS shall:
 - (a) publish without delay: (i) any inside information relating to the Issuer which the Issuer determines it is obliged to make in accordance with Article 17 of Regulation (EU) No 596/2014 in accordance with Article 7(1)(f) of the Securitisation Regulation and will be disclosed to the public by the Issuer; or (ii) any significant event in accordance with Article 7(1)(g) of the Securitisation Regulation, in each case in the manner prescribed under the Securitisation Regulation; and
 - (b) make available, within 5 Business Days of the issuance of the Notes, copies of the relevant Transaction Documents and this Prospectus via www.euroabs.com (or such other website as may be notified by the Issuer, to the Trustee, each Rating Agency and the Noteholders from time to time).

It is intended that Euro ABS be appointed as a Securitisation Repository, the information set out in paragraphs (a) and (b) above shall be published by the on the website of EuroABS at www.euroabs.com (in its capacity as an SR Repository). For the avoidance of doubt, these websites and the contents thereof do not form part of this Prospectus.

- (19) In addition, the Issuer confirms that it has made available the documents required by Article 7(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes.
- (20) The reports set out in paragraph (17)(a) above and the documentation and information set out in paragraph (17)(b) above as at the date of this Prospectus have been or, as applicable, shall be published on the website at www.euroabs.com (or such other website as may be notified by the Issuer to the Trustee, each Rating Agency and the Noteholders from time to time, being a website that conforms to the

requirements set out in Article 7(2) of the Securitisation Regulation). The Issuer intends to appoint EuroABS as an SR Repository. Such reports and information will be made available on the website of the SR Repository, once appointed. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

- (21) Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin.

GLOSSARY OF DEFINED TERMS

"£", "sterling" and "pounds"	are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.
"€" or "Euro"	are references to the lawful currency of the member states of the European Union participating in the Economic and Monetary Union as contemplated by the Treaty.
"1999 Regulations"	means the Unfair Terms in Consumer Contracts Regulations 1999 as amended.
"A Noteholders"	means the persons who are for the time being holders of the A Notes.
"A Notes"	means the £1,935,215,000 Class A mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to an "A Note" shall be a reference to such A Note whether in global or definitive form.
"A Principal Deficiency"	means a deficiency of principal amounts to make payment on the A Notes.
"A Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the A Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"Account Bank"	means Elavon Financial Services DAC, UK Branch (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Transaction Account.
"Accrued Interest"	means any accrued interest on the Loans accruing prior to the Issue Date.
"Acquisition Mortgage Pool"	means the loans which, as at 30 June 2015, are included in the portfolio of loans acquired by the Seller from the Original Sellers pursuant to the First Sale and Second Sale. For the avoidance of doubt, the Acquisition Mortgage Pool shall not include approximately 200 loans primarily originated on or after 30 June 2015.
"Agency Agreement"	means the agreement so named and dated on or about the Issue Date between, among others, the Issuer, the Trustee and the Agents.
"Agent Bank"	means Elavon Financial Services DAC, UK Branch or any successor thereto.
"Agents"	means the Paying Agents, the Agent Bank and the Registrar or any of them.
"Agreed Loan Limit"	means, in relation to any Flexible Loan, the agreed loan limit set out in the relevant mortgage offer.
"Ancillary Fees"	has the meaning given to it in the section " <i>Administration, Servicing and Cash Management of the Mortgage Pool – Mortgage Administration Agreement – Mortgage Administrator</i> ".

"Applicable Law"	means all laws, statutory instruments, regulations and rules, including the rules, directions and principles of any relevant Regulatory Authority and any relevant legally binding or mandatory regulatory, judicial or industry codes of conduct or guidance (to the extent published in writing), and the decisions of any relevant court or ombudsman whether relating to substantive or procedural matters, applicable to a party from time to time in the UK, including in connection with the Loans, Mortgages, Related Security and the Borrowers, the delivery or receipt of the Services or a party's obligations under the Mortgage Administration Agreement.
"Appointee"	means any delegate, agent nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Deed of the Deed of Charge (as the case may be);
"Arranger"	means Credit Suisse Securities (Europe) Limited.
"Arrears Fees"	means an amount equal to £45 for each Loan in the Mortgage Pool which is one month or more in arrears as at the first date of any calendar month during that Determination Period (the "Arrears Fee Condition") multiplied by the number of calendar months during the Determination Period on which the Arrears Fee Condition in respect of such Loan is met.
"Auditors"	means KPMG LLP, the auditors for the time being of the Issuer or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other firm of accountants as may be appointed by the Issuer.
"Authorised Investments"	<p>means investments of the funds standing to the credit of the Transaction Account which are:</p> <ul style="list-style-type: none"> (a) money market funds that hold AAAm and Aaa-mf money market fund ratings from S&P and Moody's, respectively; (b) sterling gilt-edged securities; or (c) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper), <p>provided that in the case of paragraphs (a), (b) and (c) above, such investments have a maturity date of 90 days or less and mature before the next following Determination Date and provided further that with respect to securities and deposit investments specified under paragraphs (b) and (c) above:</p> <ul style="list-style-type: none"> (i) with respect to investments with a maturity date of less than 30 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 and (to the extent such long-term rating from S&P is publicly available) long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&P, (B) short-term

unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's; and

- (ii) with respect to investments with a maturity date of greater than or equal to 30 days but less than 60 days, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 and (to the extent such long-term rating from S&P is publicly available) long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1 by S&P, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's; and
- (iii) with respect to investments with a maturity date of greater than or equal to 60 days but less than three months, the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) has (A) short-term or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A-1+ or AA (respectively) by S&P, (B) short-term unsecured, unguaranteed and unsubordinated debt obligations of at least P-1 by Moody's or long-term unsecured, unguaranteed and unsubordinated debt obligations of at least A2 by Moody's; or
- (iv) in each case, which are otherwise acceptable to the rating agencies to maintain the then current ratings of the Notes,

save that where such investments would result in the re-characterisation of the Notes or any transaction under the Transaction Documents as a "re-securitisation" or a "synthetic securitisation" as defined in the Securitisation Regulation and 242(11), respectively, of Regulation (EU) No 575/2013 (as amended and/or supplemented from time to time), such investments shall not qualify as "Authorised Investments".

"Authorities"

means the FCA and PRA together with HM Treasury and the Bank of England.

"Available Principal Funds"

means an amount calculated by the Cash Administrator on a Determination Date, or in respect of any Collection Period Calculated Revenue Funds being the aggregate of the following amounts:

- (a) the Principal Collections received for the preceding Determination Period (other than any Principal Collections received in respect of the Loans after the Call Cut-Off Date) or, in respect of any relevant Collection Period, Calculated Revenue Funds as

calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);

- (b) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date;
- (c) on each Interest Payment Date following a relevant Collection Period, any Reconciliation Amounts deemed to be Available Principal Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (d) following the Step-Up Date, any Available Revenue Funds available following payment of items (v)(R) and (vi)(R) of the Pre-Enforcement Revenue Priority of Payments until the Notes (other than the X Notes, the Z1 Notes and the Z2 Notes) have been redeemed in full; and
- (e) in respect of the first Interest Payment Date only) the amount paid into the Transaction Account on the Issue Date from the excess of the proceeds of the Notes and the VRR Loan Note (excluding the proceeds of the Notes and the VRR Loan Note used to establish the Reserve Fund over the cash consideration paid by the Issuer for the Loans on the Issue Date pursuant to the terms of the Mortgage Sale Agreement.

less any amounts paid in connection with any Redraw pursuant to the Cash Administration Agreement and/or the Mortgage Administration Agreement .

"Available Revenue Funds"

means an amount calculated by the Cash Administrator on a Determination Date, being the aggregate of the following amounts:

- (a) interest earned and interest received on the Transaction Account pursuant to the Bank Agreement for the Determination Period immediately preceding the relevant Determination Date;
- (b) income from any Authorised Investments for the Determination Period immediately preceding the relevant Determination Date;
- (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date, (other than any Revenue Collections received in respect of the Loans after the Call Cut-Off Date) or in respect of any Collection Period, Calculated Revenue Funds as calculated in accordance with Note Condition 4(i) (*Determinations and Reconciliation*);
- (d) any amount standing to the credit of the Liquidity

Reserve Fund Ledger at the relevant Determination Date;

- (e) any amount standing to the credit of the Non-Liquidity Reserve Fund Ledger at the relevant Determination Date;
- (f) such amounts of Available Principal Funds on the relevant Determination Date as determined to be payable under item (i) of the Pre-Enforcement Principal Priority of Payments at the relevant Determination Date, if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be (i) a Revenue Shortfall and/or (ii) an Interest Shortfall in respect of the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes (subject to such Notes being the Most Senior Class) and the VRR Proportion of such Interest Shortfall, in each case on the immediately following Interest Payment Date after application of all other Available Revenue Funds (including paragraphs (d) and (e) above). Any such amount may only be used for payment of Senior Fees, the Class S Payment and interest on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the VRR Proportion of such amounts pursuant to items (vi)(A), (D), (F), (H), (J), (L) and (N) of the Pre-Enforcement Revenue Priority of Payments and not any other amounts in the Pre-Enforcement Revenue Priority of Payments;
- (g) any amounts available at item (ii)(I) of the Pre-Enforcement Principal Priority of Payments, and the amount at item (iii) of the Pre-Enforcement Principal Priority of Payments that is to be applied as Available Revenue Funds, at the relevant Determination Date; and
- (h) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Funds in accordance with Note Condition 4(i) (*Determinations and Reconciliation*),

less any Third Party Amounts (for the avoidance of doubt, which does not include any amounts payable by way of Mortgage Administration Fees or Legal Title-Holder Fees otherwise provided for in the relevant Priority of Payments;

"B Noteholders"

means the persons who are for the time being holders of the B Notes.

"B Notes"

means the £141,171,000 Class B mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to a "B Note" shall be a reference to such B Note whether in global or definitive form.

"B Principal Deficiency"

means a deficiency of principal amounts to make payment on the B Notes.

"B Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the Principal Deficiency on the B Notes and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"B Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"BACS"	means the Banker's Automated Clearing Service as amended from time to time or any scheme replacing the same.
"BACS Amounts"	means the amounts specified by the Mortgage Administrator, by way of instructions submitted to BACS not later than 2 Business Days before each Loan Payment Date (or at such other time as shall accord with the standard banking practices), to be received by the Collection Accounts Provider from the Borrowers whether under the Direct Debiting Scheme or otherwise and to be credited by the Collection Accounts Provider to the Main Collection Account on such Loan Payment Date in accordance with the Main Collection Account Agreement.
"Bank Agreement"	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Account Bank.
"Banking Act"	means the UK Banking Act 2009.
"Barclays"	means Barclays PLC.
"Barclays Bank"	means Barclays Bank PLC.
"Barclays Group"	means Barclays together with its subsidiary undertakings.
"Base Fee"	means the fee payable to the Mortgage Administrator, such fee being 0.09 per cent. (exclusive of VAT, if any) of the aggregate Current Balance of the Loans in the Mortgage Pool as at the first day of the Determination Period multiplied by the number of days in that Determination Period divided by 365.
"Base Mortgage Pool Purchase Price"	means the purchase price payable by the Mortgage Pool Option Holder (or a third party purchaser nominated by it) in respect of the Mortgage Pool Purchase, which shall be an amount which, together with any amounts standing to the credit of the Transaction Account and/or the Reserve Fund, (other than any amount received on the Loans since the relevant Call Cut-off Date) would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or <i>pari passu</i> with the Senior Notes and the VRR Proportion of such amounts on the Interest Payment Date immediately falling on or following the date on which the Mortgage Pool Option is exercised, redeem all of the Rated Notes then outstanding in full together with accrued and unpaid interest on such Rated Notes and the VRR Loan Note in an amount equal to the VRR Proportion of the Principal Amount Outstanding of the Rated Notes and the VRR Proportion of the accrued and unpaid interest on the Rated Notes, and pay costs associated with the redemption.
"Base Rate Change"	means the implementation by the Legal Title-Holder of the Kensington Base Rate in accordance with the standard of a

	Prudent Mortgage Lender and any Applicable Law, subject to the receipt of a Rating Agency Confirmation.
"Basel Committee"	means the Basel Committee on Banking Supervision.
"Basel III"	means the update to Basel II approved by the Basel Committee in 2011.
"Basic Terms Modification"	means any amendment to the following matters: <ul style="list-style-type: none"> (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes or the dates on which amounts are payable in respect of the Certificates; (b) any reduction of the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes (save for any changes to the reference rate); (c) the method of calculating the amounts due in respect of the Certificates; (d) the definition of Residual Payment; (e) the definition of Class S Payment; (f) the priority of payment of interest or principal on the Notes or of payments due in respect of the Certificates; (g) the currency of payment of the Notes or of the Certificates or the method of calculation of the amount payable in respect of the Notes or Certificates (including, in relation to any Class of Notes or Certificates, if any such modification is proposed for any Class of Notes ranking pari passu to or senior to such Class or the Residual Certificates in the Priorities of Payments); (h) this definition of Basic Terms Modification; (i) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or of the Certificates; (j) the definition of Events of Default; (k) Clause 20 (Modification, Waiver and Substitution) of the Trust Deed; (l) a release of the Security other than in accordance with the provisions of the Transaction Documents; (m) the provisions concerning the quorum required at any meeting of Noteholders or Certificateholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution; (n) limb (a) of the definition of "Event of Default" under the Note Conditions or the Certificates Conditions; or (o) the ability of the S Certificateholder to benefit from the Reserve Fund.
"BBBR"	means Barclays Bank Base Rate.

"BBR"	means the Bank of England base rate of interest.
"BBBR Mortgages"	means Mortgages with a rate of interest linked to the BBBR.
"BBR Mortgages"	means Mortgages with a rate of interest linked to the BBR.
"BofA Merrill Lynch"	means Merrill Lynch International.
"Book-Entry Interests"	means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.
"Borrower"	means, in relation to each Loan, the borrower or borrowers specified in such Loan.
"Borrower Buildings Policy"	means an insurance policy for full reinstatement cost as determined by the relevant valuer as at the time of origination under the insurance policy taken out in the name of the Borrower or in the name of the landlord in the case of leasehold Properties or commonhold Properties where the relevant landlord is responsible for insuring the Property or Properties.
"Borrower Data"	means the data relating specifically to the Borrowers, their Mortgage Loans, Mortgages and Related Security.
"Breach of Warranty Repurchase Event"	a breach of a warranty in relation to a Loan which is reasonably likely (having regard to, but without limitation, whether a loss is likely to be incurred in respect of that Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable insurance policies) to have a material adverse effect on the value of that Loan, the related Mortgage and Mortgage Rights, and which if capable of remedy, is not so remedied by the Seller within 21 days of notification of such breach to the Seller by the Mortgage Administrator on behalf of the Issuer.
"BRRD Order"	means the Bank Recovery and Resolution Order 2014, implementing the Directive.
"Business Day"	means a day on which commercial banks and foreign exchange markets settle payments in London and Dublin, being a day other than Saturday, Sunday, or bank holidays.
"Buy-to-Let Loan"	means a Loan which is intended for a Borrower who wishes to use the Loan as a means to purchase a residential property for the purpose of letting to third parties.
"C Noteholders"	means the persons who are for the time being holders of the C Notes.
"C Notes"	means the £64,703,000 Class C mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to a "C Note" shall be a reference to such C Note whether in global or definitive form.
"C Principal Deficiency"	means a deficiency of principal amounts to make payment on the C Notes.
"C Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the C Principal Deficiency, and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.

"C Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"Call Option Date"	means any Interest Payment Date falling on or after the Step-Up Date in respect of a mandatory redemption of the Notes and the VRR Loan Note in whole (but not in part) exercisable by the Issuer in whole (but not in part) with, inter alia, the proceeds of a sale of the Charged Property pursuant to the Deed Poll
"Cash Administration Agreement"	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Cash Administrator.
"Cash Administration"	means the duties of the Cash Administrator (whosoever shall perform that role from time to time) under the Cash Administration Agreement.
"Cash Administration Fee"	means a cash administration fee payable to the Cash Administrator, in respect of its performance of its services under the Cash Administration Agreement.
"Cash Administrator"	means U.S. Bank Global Corporate Trust Limited or any successor thereto.
"Cash Administrator Termination Event"	means any of the events of default specified under the Cash Administration Agreement relating to the Cash Administrator.
"CBTL Mortgages"	means consumer buy-to-let mortgages.
"CCJ"	means a county court judgment or an order of the Enforcement of Judgments Office or an equivalent judgment or order under Applicable Law, as the context requires.
"Central Bank" or "CBI"	means the Central Bank of Ireland.
"Certificates Conditions"	means the terms and conditions applicable to the Certificates as set out in Schedule 6 (<i>Terms and Conditions of the Certificates</i>) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed
"Certificateholders"	means the persons who for the time being are the holders of the Certificates.
"Certificates"	means the S Certificates and the R Certificates issued or due to be issued by the Issuer on the Issue Date, or, as the case may be, a specific number thereof.
"Certificates Extraordinary Resolution"	means: <ul style="list-style-type: none"> (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.

"Certificates Ordinary Resolution"

means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.

"Certificate Payments"

means each of the Class S Payment and the Residual Payment.

"Change"

means:

- (a) a change or modification to the Services or the way they are delivered or the addition of new services to the Services; or
- (b) an amendment to the Mortgage Administration Agreement or any document attached to it or referred to in the Mortgage Administration Agreement, the Service Specification and/or the Legal Title-Holder Policies; or
- (c) a modification, enhancement, replacement or other alteration to the System, computer equipment and/or software operated by the Legal Title-Holder or on its behalf, including for the purpose of submitting to the Mortgage Administrator, or as the case may be, receiving from the Mortgage Administrator, any data including the Legal Title-Holder's Business Data; or
- (d) a change in the manner in which the Legal Title-Holder's obligations are performed or supported, including a change to the Legal Title-Holder's Systems, tools, Intellectual Property, operational procedures, operating, legal or regulatory environment, processes, policies, reporting requirements, infrastructure, staffing or resource requirements;
- (e) a change in the product specifications of the Loans; or
- (f) a change in Applicable Law and/or as requested by a Regulatory Authority.

"Change Control Mechanism"

means the process for agreeing operational changes as set out in Schedule 3 (*Change Control Mechanism*) of the Mortgage Administration Agreement.

"Charged Obligation Documents"

means the Bank Agreement, the Collection Account Agreements, the Cash Administration Agreement, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the R Collection Account Declaration of Trust, the Corporate Services Agreement, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the

	Scottish Declaration of Trust, the Agency Agreement, the PPI Deed Poll, the PPI Undertaking Deed and any other agreement entered into between the Issuer and the Trustee and designated as a " Charged Obligation Document ".
" Charged Property "	means the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to, the Deed of Charge and the Scottish Trust Security and references to the Charged Property shall include references to any part of it.
" Class "	shall be a reference to a class of the Notes being the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes, the Z2 Notes and shall be a reference to the Certificates, and " classes " shall be construed accordingly.
" Class S Payment "	means, prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to: $A \times B \times C / D$, where A = 0.08% B = 95 per cent. of the aggregate Current Balance of the Loans calculated as of the immediately preceding Determination Date C = the number of days in the relevant Interest Period D = 365 with the total figure rounded downwards to the nearest £0.01.
" Clean-Up Call Trigger "	means the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes being less than or equal to 20 per cent. of the aggregate Principal Amount Outstanding of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes upon issue.
" Clearing Systems "	means Clearstream, Luxembourg and Euroclear.
" Clearstream, Luxembourg "	means Clearstream Banking, S.A.
" CMA "	means the Competition and Markets Authority.
" Collection Accounts "	means the F Collection Account, the R Collection Account and the Main Collection Account
" Collection Accounts Provider "	means Barclays Bank PLC (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Collection Accounts.
" Collection Accounts Provider Downgrade Event "	means where the Collection Accounts Provider fails to maintain the Collection Accounts Rating Agency Required Ratings.
" Collection Accounts Rating Agency Required Ratings "	means the required ratings of the Collection Accounts Provider as set out in the section entitled " <i>Triggers Tables</i> ".
" Collection Accounts "	means the F Collection Account, the R Collection Account and the Main Collection Account.

"Commencement Date"	means 1 April 2016, being the date that the Land Registration etc. (Scotland) Act 2012 came into force.
"Common Depository"	means the common depository for Euroclear and Clearstream, Luxembourg. (See " <i>Summary of Provisions relating to the Certificates while in Global Form</i> ").
"Common Safekeeper"	means the Clearing Systems or such other entity which the Issuer may elect from time to time to perform the safekeeping roles. (See " <i>Summary of Provisions relating to the Notes while in Global Form</i> ").
"Completion Mortgage Pool"	means the Loans selected in accordance with the Mortgage Sale Agreement and to be sold, assigned to or held on trust for the Issuer pursuant to the Mortgage Sale Agreement on the Issue Date as set out in a document to be provided in accordance with the Mortgage Sale Agreement.
"Compounded Daily SONIA"	has the meaning given to it in Note Condition 4 (<i>Interest</i>).
"Conditions"	means both the Note Conditions and the Certificates Conditions.
"Confidential Information"	means the terms of the Mortgage Administration Agreement, and all information or data, including all oral information and data and all information or data recorded in writing or in any other medium or by any other method, disclosed to or obtained by one party from another party or from a third party on behalf of that other party pursuant to, or related to, the Mortgage Administration Agreement or the Mortgage Pool, which is marked confidential or which is, by its very nature, confidential, including, without limitation: Legal Title-Holder's Business; Legal Title-Holder's Business Data; Legal Title-Holder IPR; Legal Title-Holder's System; Mortgage Administrator Software; Mortgage Administrator System; Personal Data relating to any Borrower; information relating to that other party's operations; pricing and/or profitability; processes; policies and procedures for marketing, sales, and customer service and support activities (and otherwise); plans; intentions; product information; know-how; design rights; trade secrets; software (including, without limitation, Mortgage Administrator Software); market opportunities; clients and business affairs; customer and vendor contracts and related documents; and information or data owned by clients or customers of any party; and information that is produced by any of the parties and/or any of the parties' advisors which contains or is derived or copied from such information.
"Contingency Policy"	means a contingency insurance policy (used where the Borrower has allowed his or her insurance policy to lapse, and where the Legal Title-Holder is not aware of that lapse).
"Contingent Buildings Policy"	means a policy of insurance for the benefit of the Legal Title-Holder, and on which the Issuer's interest has been noted, which provides cover at least up to the lower of the principal balance of the relevant Loan and the value of the relevant Property in the event that no Borrower Buildings Policy is in place for a Property due to default in arranging such cover either by the Borrower or the relevant landlord, and no act or circumstance has occurred which adversely affects the Contingent Building Policy

	or entitles the relevant insurer to refuse payment or reduce the amount payable.
"Corporate Services Agreement"	means the agreement so named and dated on or about the Issue Date, <i>inter alios</i> , the Issuer and the Corporate Services Provider.
"Corporate Services Provider"	means Intertrust Management Limited, a company incorporated in England and Wales with registered number 3853947 and having its registered office at 35 Great St. Helen's, London EC3A 6AP, United Kingdom.
"Counter Notice"	means a notice signed by the Issuer and sent by the Cash Administrator to the Mortgage Pool Option Holder specifying the Mortgage Pool Option Purchase Price.
"CPR"	means the annualised constant prepayment rate.
"CPUTRs"	means the Consumer Protection from Unfair Trading Regulations 2008.
"CRA3"	means the provisions of Regulation (EC) 1060/2009 on Credit Rating Agencies as amended by Regulation 462/2013 (EU).
"CRA Regulation"	means Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
"Cumulative Defaults"	means the sum total of the balance of repossessed loans during the relevant period.
"Current Balance" or "Balance"	means, in relation to any Loan and on any date, the principal amount outstanding as at that date plus, any other disbursement, legal expense, fee, charge or premium capitalised and added to the amounts secured by the relevant Mortgage in accordance with the conditions of the Loan on or prior to such date (including, for the avoidance of doubt, capitalised interest and any advance of Redraws, but excluding accrued interest) less any repayments of such amounts.
"Cut-Off Date"	means 15 August 2019.
"D Noteholders"	means the persons who are for the time being holders of the D Notes.
"D Notes"	means the £21,176,000 Class D mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to an "D Note" shall be a reference to such D Note whether in global or definitive form.
"D Principal Deficiency"	means a deficiency of principal amounts to make payment on the D Notes.
"D Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the D Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"D Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"Deed of Charge"	means the deed of charge and assignment dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Trustee.
"Deed Poll"	means the mortgage pool option deed and deed poll dated on or

	about the Issue Date, executed by the Issuer, in favour of the Mortgage Pool Option Holder from time to time.
"Deferrable Notes"	means the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the X Notes and the Z1 Notes.
"Deferred Interest"	means interest not paid on a relevant Interest Payment Date on the Deferrable Notes, which is deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer to fund the payment of such Deferred Interest to the extent of such available funds.
"Definitive Certificate"	means any individual certificate issued to a Certificateholder in respect of its holding of the Certificates in, or substantially in, the form set out in the Trust Deed.
"Definitive Note"	means any individual note certificate issued to a Noteholder in respect of its holding of the Notes in, or substantially in, the form set out in the Trust Deed.
"Determination Date"	means the date which falls two Business Days prior to an Interest Payment Date.
"Determination Period"	means the period ending on the fifteenth calendar day of the calendar month in which a Determination Date falls and starting on the calendar day immediately following the fifteenth calendar day of the calendar month in which the immediately preceding Determination Date falls, save in respect of the first Determination Period which shall start on the Issue Date.
"Direct Debiting Scheme"	means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.
"Directive"	means the EU Bank Recovery and Resolution Directive (2014/59/EU).
"Distribution Compliance Period"	has the meaning given to such term in the section entitled " <i>Purchase and Sale</i> ".
"DPA"	means the Data Protection Act 2018.
"DWP"	means the UK Government Department for Work and Pensions.
"E Noteholders"	means the persons who are for the time being holders of the E Notes.
"E Notes"	means the £42,351,000 Class E mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to an "E Note" shall be a reference to such E Note whether in global or definitive form.
"E Principal Deficiency"	means a deficiency of principal amounts to make payment on the E Notes.
"E Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the E Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"E Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"Enforcement Notice"	means a notice given by the Trustee to the Issuer under Note

	Condition 9 (<i>Events of Default</i>).
"Enforcement Procedures"	means the exercise of the rights and remedies against a Borrower, or in relation to the security for the Borrower's obligations arising from any default by the Borrower under or in connection with such Borrower's Loan or Related Security, in accordance with the procedures established by the Legal Title-Holder and adopted by the Mortgage Administrator, as varied from time to time in accordance with the procedures that could reasonably be expected of a Prudent Mortgage Lender as dictated by the Legal Title-Holder, and "completion of the Enforcement Procedures" shall be deemed to have occurred in respect of a particular Loan and its Related Security when the Mortgage Administrator has been notified by the Legal Title-Holder that, having regard to the circumstances of the relevant Borrower and the then applicable Enforcement Procedures, the prospect of any further recovery of amounts due by that Borrower is remote or such further recovery is uneconomic.
"English Loan"	means a Loan secured by an English Mortgage.
"English Mortgages"	means the Mortgages secured over Property located in England and Wales.
"ESMA"	means the European Securities and Markets Authority.
"Euro", "euro" or "€"	means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty.
"EU Risk Retention Requirements"	EU Risk Retention Requirements means the requirements set out in Article 6 of the Securitisation Regulation and any related guidelines or technical standards (in each case, as such articles are interpreted and applied on the date hereof and not taking into account any relevant national measures).
"EU Risk Retention Rules"	means the EU Risk Retention Requirements as of the Issue Date.
"Euroclear"	means Euroclear Bank SA/NV or its successor.
"European Economic Area" or "EEA"	means Austria, Belgium, Bulgaria, Croatia, the Republic of Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the UK, Iceland, Liechtenstein and Norway.
"Eurosistem"	means the European System of Central Banks as the term is used by the Governing Council of the European Central Bank.
"Eurozone"	means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.
"Event of Default"	has the meaning given to such term in Note Condition 9 (<i>Events of Default</i>) or, as applicable, Certificates Condition 6 (<i>Events of Default</i>).
"Excess Spread"	means any Available Revenue Funds in excess of senior costs; interest due on and remedying any Principal Deficiency on the A

Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes; the G Notes and (in respect of Principal Deficiency only) the H Notes, and corresponding amounts in respect of the VRR Loan Note and certain amounts credited to the Liquidity Reserve Fund.

"Exchange Act"

means the United States Securities Exchange Act of 1934, as amended.

"Exercise Notice"

means a notice delivered by the Mortgage Pool Option Holder to the Issuer (with a copy to the Trustee, the Mortgage Administrator and the Cash Administrator) that it intends to exercise the Mortgage Pool Option at any time on or after the Call Option Date and with details of the Mortgage Pool Purchase Completion Date.

"Extraordinary Resolution"

means:

- (a) a resolution passed at a duly convened meeting of the Noteholders and/or Certificateholders or the Noteholders and/or Certificateholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates (as applicable), which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) an Extraordinary Resolution (other than in respect of a Basic Terms Modification) will pass unless 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Issuer in the prescribed manner of their objection to such Extraordinary Resolution within 40 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such class in accordance with the provisions of Note Condition 13 (*Notice to Noteholders*) by the Issuer and for so long as the Notes are listed on Euronext Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin.

"F Collection Account"

means the collection account (into which cash or cheque payments from Borrowers in relation to the mortgage loans will be paid) in the name of KMC held with the Collection Accounts Provider with sort code 20 19 90 and account number 53683419; or (a) such replacement account(s) as may be established from time to time so long as these accounts are subject to a declaration

	of trust in favour of the Issuer, the relevant account holding bank has the rating referred to in the F Collection Account Agreement and such account holding bank enters into an agreement on substantially the same terms as the F Collection Account Agreement, or (b) such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents.
"F Collection Account Agreement"	means the agreement so named dated 17 December 2015 between, <i>inter alios</i> , the beneficiaries thereto and the Collection Accounts Provider as supplemented or amended from time to time.
"F Collection Account Beneficiary Accession Agreement"	means a beneficiary accession agreement in respect of the F Collection Account Bank Agreement dated on or about the Issue Date and made between, <i>inter alios</i> , the Issuer, Barclays Bank PLC as collection accounts provider and KMC as Legal Title-Holder.
"F Collection Account Declaration of Trust"	means the declaration of trust in relation to the F Collection Account dated 17 December 2015 granted by KMC as the trustee as supplemented by the F Collection Account Supplemental Deed of Declaration of Trust and as amended from time to time.
"F Collection Account Relevant Trustee Accession Agreement"	means a relevant trustee accession agreement in respect of the F Collection Account Bank Agreement dated on or about the Issue Date and made between, <i>inter alios</i> , the Trustee, Barclays Bank PLC as collection accounts provider and KMC as legal title-holder.
"F Collection Account Supplemental Deed of Declaration of Trust"	means the deed dated on or about the Issue Date between KMC, the Issuer and the Trustee and which is supplemental to the F Collection Account Declaration of Trust.
"F Noteholders"	means the persons who are for the time being holders of the F Notes
"F Notes"	means the £42,351,000 Class F mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to an "F Note" shall be a reference to such F Note whether in global or definitive form.
"F Principal Deficiency"	means a deficiency of principal amounts to make payment on the F Notes.
"F Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the F Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"F Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"FATCA"	means: <ul style="list-style-type: none"> (a) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations or other official guidance; (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any

	other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
	(c) any agreement pursuant to the implementation of paragraph (a) or (b) above with the IRS, the U.S. Government or any governmental or taxation authority in any other jurisdiction.
"FCA"	means the Financial Conduct Authority or any regulatory authority that may succeed it as United Kingdom regulator.
"FCA Rules"	means the rules established by the FCA in the FCA's Handbook of rules and guidance.
"Filed Plan"	means a plan retained at the Land Registry indicating the location of the related land.
"Final Maturity Date"	means for all Notes and Certificates, the Interest Payment Date falling in May 2053.
"Final RTS"	means Commission Delegated Regulation (EU) No. 625/2014 supplementing the CRR.
"Fixed Rate Mortgage"	means a Loan in relation to which the Borrower is obliged to pay a fixed rate of interest for a limited period and thereafter pays a rate of interest equal to the rate which would be payable under a Non-Tracker Variable Rate Mortgage or a BBBR Mortgage.
"Flexible Loans"	means a type of Loan product that typically incorporates features that give the Borrower options (subject to certain conditions) to, amongst other things, make further drawings on the mortgage loan account and/or to overpay or underpay interest and principal in a given month and/or take a Payment Holiday.
"Floating Rate of Interest"	means the rate of interest as determined by the Agent Bank in accordance with Note Condition 4(c) (<i>Rate of Interest</i>).
"FN SVR Mortgages"	means Mortgages with a rate of interest linked to the FN SVR.
"foreign passthru payments"	has the meaning given to it in the section entitled " <i>U.S. Foreign Account Tax Compliance Act</i> " of the Prospectus.
"FSA"	means the Financial Services Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the FSA (which term, when used in relation to a date on or after 1 April 2013, shall be deemed to refer to the FCA and/or PRA (as applicable)).
"FSMA"	means the Financial Services and Markets Act 2000 of the United Kingdom.
"G Noteholders"	means the persons who are for the time being holders of the G Notes.
"G Notes"	means the £23,528,000 Class G mortgage backed floating rate notes due May 2053 and, unless expressly stated to the contrary, all references to a "G Note" shall be a reference to such G Note whether in global or definitive form.
"G Principal Deficiency"	means a deficiency of principal amounts to make payment on the G Notes.
"G Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of

	recording the G Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"G Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"Global Certificates"	means each of the certificates which represent the Certificates or some of them substantially in the form set out in Schedule 3 (<i>Form of Global Certificate</i>) of the Trust Deed.
"Global Notes"	means each of the notes which represent the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes and the Z2 Notes or some of them substantially in the form set out in the Trust Deed.
"H Noteholders"	means the persons who are for the time being holders of the H Notes.
"H Notes"	means the £82,350,000 Class H mortgage backed zero coupon notes due May 2053 and, unless expressly stated to the contrary, all references to an "H Note" shall be a reference to such H Note whether in global or definitive form.
"H Principal Deficiency"	means a deficiency of principal amounts to make payment on the H Notes.
"H Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the H Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"Help to Buy Loan"	has the meaning given to such term in the section entitled " <i>Risk Factors – Fixed charges may take effect under English and Northern Irish law as floating charges – Help to Buy Scheme not applicable to Loans in the Mortgage Pool</i> ".
"Historical Data Extract Period"	means the period between January 2007 and 31 December 2014.
"HMRC" or "HM Revenue and Customs"	means Her Majesty's Revenue and Customs.
"Holding Company"	means, in relation to a company or corporation, any other company or corporation in respect of which the first mentioned company or corporation is a Subsidiary.
"ICSD" or "ICSDs"	means any or each of Euroclear and Clearstream, Luxembourg.
"IGA"	has the meaning given to such term in the section entitled " <i>U.S. Foreign Account Tax Compliance Act</i> ".
"Indirect Participants"	means persons that hold interests in the Book-Entry Interests through Participants, or persons that hold beneficial interests through such Indirect Participants.
"Information Commissioner"	has the meaning given to it in the DPA.
"Initial Available Revenue"	means, on each Determination Date, the amount standing to the credit of the Revenue Ledger as at the end of the preceding Determination Period.
"Initial Principal Amount"	means, in relation to each Note, the initial face principal amount of that Note upon issue of the relevant Global Note relating to that Note.
"Insolvency Event"	means at any time in relation to any company that at that time:

- (a) such person, otherwise than for the purposes of a solvent amalgamation or reconstruction, ceasing or, through or consequent upon an official action of the board of directors of such person, threatens to cease to carry on business or a substantial part of its business or is unable to pay its debts as and when they fall due or, within the meaning of section 123(1) or (2) (as if the words "it is proved to the satisfaction of the court" did not appear in section 123(2)) of the Insolvency Act 1986 (as that section may be amended from time to time), is deemed unable to pay its debts;
- (b) an order is made or an effective resolution is passed for the winding up of such person or the appointment of an administrator over such person except a winding up for the purposes of or pursuant to an amalgamation or reconstruction on solvent grounds;
- (c) proceedings are initiated against such person under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application or pending application for an administration order, presentation of a petition for a winding up, filing of documents with the cost for administration or the service of a notice of intention to appoint an administrator) and such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (d) an administration order is granted or any notice of intention to appoint an administrator is given in relation to such person;
- (e) an administrative receiver or other receiver, administrator, liquidator or other similar official is appointed in relation to such person or in relation to all or a substantial part of the undertaking, property or assets of such person;
- (f) an encumbrancer or security holder takes possession of all or any part of the undertaking, property or assets of such person;
- (g) a distress, diligence, execution or other process is levied or enforced upon or sued out against all or any part of the undertaking, property or assets of such person and such possession or process (as the case may be) is not discharged or has not ceased to apply within 15 Business Days; or
- (h) such person initiates or consents to proceedings relating to itself under applicable liquidation, administration, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally.

"Insurance Contracts"

means the insurance contracts in relation to the Loans including the right to receive the proceeds of any claims, insofar as they

	relate to the Loans and any other insurance contracts in replacement, addition or substitution therefor from time to time and which relate to the Loans, including any Contingency Policies and LIOs.
"Intellectual Property"	means copyright (including rights in computer software), topography rights, patents, know-how, design rights, rights in databases, modelling, moral rights, service marks, trademarks, trading and business names, the goodwill attaching to them, rights in inventions (whether patentable or not and whether or not patent protection has been granted), rights in domain names, rights protecting goodwill and reputation and other intellectual and industrial property rights, in each case whether registered or unregistered and including applications for the grant of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world, including the right to sue for and recover damages for past infringement of any of the above.
"Interest Amount"	has the meaning given to such term in Note Condition 4(e) (<i>Publication of Floating Rate of Interest, Interest Amount and other Notices</i>).
"Interest Determination Date"	means the fifth London Banking Day before the Interest Payment Date for which the relevant Rate of Interest will apply.
"Interest Determination Ratio"	has the meaning given to it in Note Condition 4(i) (<i>Determinations and Reconciliation</i>).
"Interest Only Loan"	means a loan under the terms of which the principal amount is not repayable before maturity and may require an endowment policy to be charged by way of Related Security or may require the deposit (but not by way of security) of a pension policy or may have no collateral as security other than the relevant Property.
"Interest Payment Date"	means the 25th day in February, May, August and November in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day.
"Interest Period"	means the period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, provided that the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.
"Interest Shortfall"	means, on each Determination Date, the amount by which the Initial Available Revenue for the immediately following Interest Payment Date is insufficient to provide for payment of interest on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes.
"Investment Company Act"	means the United States Investment Company Act of 1940, as amended.
"Investor Report"	means the quarterly report substantially in the form scheduled as Schedule 3 (<i>Form of Investor Report</i>) to the Cash Administration Agreement or from time to time agreed between the Issuer and the Cash Administrator.
"ISE" or "Irish Stock Exchange"	means the Irish Stock Exchange plc trading as Euronext Dublin.

"IRS"	means the U.S. Internal Revenue Service.
"Issue Date"	means 27 August 2019.
"Issuer"	means Hawksmoor Mortgage Funding 2019-1 PLC whose registered number is 12069566 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom.
"Issuer/ICSD Agreement"	means the agreement so named dated on or before the date hereof between the Issuer and each of Euroclear and Clearstream, Luxembourg.
"Issuer Profit"	means retained profit of the Issuer in an amount of £500 on each Interest Payment Date falling in 2019 and £300 on each Interest Payment Date falling thereafter for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year and the payment of a distribution (if any) to Parent.
"Issuer Profit Ledger"	means a ledger established in the Transaction Account used to record the retained revenue of the Issuer in accordance with the Cash Administration Agreement.
"IVA"	means an Individual Voluntary Arrangement (or an equivalent arrangement under Applicable Law).
"Joint Lead Managers"	means each of BofA Merrill Lynch and Credit Suisse (Europe) Limited.
"Joint Lead Managers Related Person"	means any related entity, associate, officer or employee of the Joint Lead Manager.
"Junglinster"	means Junglinster S.à r.l.
"Kensington Base Rate"	means, in respect of the BBBR Mortgages, a new base rate linked to Three-Month Sterling LIBOR where the Legal Title-Holder replaces BBBR with such rate;
"KMC"	means Kensington Mortgage Company Limited, a company registered in England and Wales with company number 3049877.
"Land Registry"	means HM Land Registry.
"Legal Title-Holder"	means (a) KMC under the Mortgage Administration Agreement or (b) if KMC's appointment as legal title-holder is terminated under the Mortgage Administration Agreement, any other legal title-holder selected by the Legal Title-Holder Facilitator and appointed with the prior written consent of the Trustee and the Mortgage Administrator.
"Legal Title-Holder Duties"	has the meaning given to such term in the section entitled <i>"Administration, Servicing and Cash Management of the Mortgage Pool – Legal Title-Holder"</i> .
"Legal Title-Holder Facilitator"	means Intertrust Management Limited or any replacement or successor thereto appointed pursuant to the Mortgage Administration Agreement.
"Legal Title-Holder Fee"	means the quarterly servicing fee payable to the Legal Title-Holder in respect of the performance of the Legal Title-Holder Duties by the Legal Title-Holder pursuant to the Mortgage Administration Agreement, such fee being 0.03 per cent.

	(exclusive of Value Added Tax, if any) of the aggregate Current Balance of each of the Loans in the Mortgage Pool as at the first day of the Determination Period multiplied by the number of days in that Determination Period divided by 365.
"Legal Title-Holder IPR"	means the Legal Title-Holder's logo, imagery, trademarks, Intellectual Property (including copyrights and database rights) in customer information and materials, documents and information and other Records related to the Loans and their Related Security (including the Legal Title-Holder's Business Data).
"Legal Title-Holder Policies"	means the legal title-holder policies which the Mortgage Administrator will follow in the provision of the Services as amended from time to time.
"Legal Title-Holder Termination Event"	means any of the events of default specified under the Mortgage Administration Agreement relating to the Legal Title-Holder, including non-performance by the Legal Title-Holder of its obligations thereunder or if insolvency or similar events occur in relation to the Legal Title-Holder.
"Legal Title-Holder's Business"	means the business carried on from time to time by the Legal Title-Holder in relation to the Loans, Mortgages, Related Security and the Borrowers.
"Legal Title-Holder's Business Data"	means any data or information, including the Borrower Data relating to or arising from the Legal Title-Holder's Business from time to time, whether or not Confidential Information or Personal Data, and necessary or reasonable to be transferred or made available to the Mortgage Administrator to enable the Mortgage Administrator to perform the Services and otherwise comply with the Mortgage Administration Agreement.
"Legal Title-Holder's System"	means the System used by the Legal Title-Holder to support the Legal Title-Holder's Business.
"Lending Criteria"	means the lending criteria applied by the Originators when originating the Loans.
"Liability"	means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any irrecoverable value added tax or similar tax charged or chargeable in respect thereof.
"LIBOR"	means the London interbank offer rate.
"LIO"	means a lenders' interest only insurance policy (which the Legal Title-Holder and the beneficial owner of the relevant Loan has the benefit of).
"Liquidity Coverage Ratio" or "LCR"	has the meaning given to it in the section entitled " <i>Risk Factors – Effect of the sale of the Mortgage Pool – Regulatory considerations – Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors</i> ".

"Liquidity Reserve Fund"	means the amount reserved from time to time in the Transaction Account by depositing amounts into the Transaction Account and crediting the Liquidity Reserve Fund Ledger in accordance with the Cash Administration Agreement.
"Liquidity Reserve Fund Actual Amount"	means an amount equal to the lesser of (a) the Liquidity Reserve Fund Required Amount and (b) the Reserve Fund Actual Amount.
"Liquidity Reserve Fund Ledger"	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
"Liquidity Reserve Fund Required Amount"	<p>means on the Issue Date and on each subsequent Interest Payment Date thereafter an amount equal to the greater of:</p> <p>(a) 2.25 per cent. of (the Principal Amount Outstanding of the A Notes on the Previous IPD (except in respect of the first Interest Payment Date which will refer to the Principal Amount Outstanding of the A Notes on the Issue Date) plus the VRR Proportion of such amount); or</p> <p>(b) 1.0 per cent. of (the Principal Amount Outstanding of the A Notes on the Issue Date plus the VRR Proportion of such amount),</p> <p>provided that, following redemption in full of the A Notes the Liquidity Reserve Fund Required Amount will be zero.</p>
"Listing Agent"	means Arthur Cox Listing Services.
"Loan"	means a loan in the Target Mortgage Pool which is, in each case, secured by Mortgages over Properties located in England, Wales, Northern Ireland and Scotland.
"Loan Conditions"	means, in relation to each Loan, the terms and conditions on which it was made.
"Loan Payment Date"	means, in relation to any Loan and its related Mortgage, the specific day of each calendar month on which the Borrower is obliged to pay an instalment on the Loan (which day may be varied from time to time in relation to any Borrower) in any calendar month.
"Loan to Value Ratio" or "LTV"	means the ratio, expressed as a percentage, which the amount of a Loan (exclusive of any arrangement fee) bears to the valuation of the relevant Property at origination of the Loan or, in some cases, as set out in the Lending Criteria, the lower of such valuation and the sale price of such Property.
"Losses"	means any losses arising in relation to a Loan in the Mortgage Pool or as a result of an Insolvency Event in relation to the Collection Accounts Provider which results in a shortfall in the amount of principal received on such Loan.
"Main Collection Account"	means the accounts in the name of KMC held with the Collection Accounts Provider (i) with sort code 20 19 90 and account number 23308030 and (ii) with sort code 20 19 90 and account number 23666239; or (a) such replacement account(s) as may be established from time to time so long as these accounts are

	subject to a declaration of trust in favour of the Issuer, the relevant account holding bank has the Collection Account Rating Agency Required Rating and such account holding bank enters into an agreement on substantially the same terms as the Main Collection Account Agreement, or (b) such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents.
"Main Collection Account Agreement"	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Collection Accounts Provider.
"Main Collection Account Declaration of Trust"	means each declaration of trust dated on or about the Issue Date created in favour of the Issuer in respect of KMC's interest in the Main Collection Account.
"Margin Compression"	means the risk of the weighted average coupon of interest received in respect of the Mortgage Pool being reduced due to Loans with higher interest margins being repaid more quickly than Loans with lower interest margins.
"Market Abuse Regulation"	means Regulation (EU) No. 596/2014 of the European Parliament and of the Council.
"Market Mortgage Pool Purchase Price"	means the sum of the current value of the principal balance of all of the Loans in the Mortgage Pool as at the Call Cut-off Date (where the principal balance of the Loans is confirmed by the Mortgage Administrator and the current value is determined by the Mortgage Pool Option Holder in accordance with the Deed Poll) (the "Mortgage Portfolio Current Value") less any reasonable costs associated with determining the Mortgage Portfolio Current Value (including any auction costs, if applicable).
"Master Definitions Schedule"	means the document so named dated on or about the Issue Date and signed for the purposes of identification by, <i>inter alios</i> , the Issuer and the Seller.
"MCD"	means the European Mortgage Credit Directive (2014/17/EU).
"MCD Order"	means the order passed on 25 March 2015 implementing the changes required under the MCD.
"MCOB"	means the FCA's Mortgages and Home Finance: Conduct of Business sourcebook, as the same may be amended, revised or supplemented from time to time.
"Member State"	means a member state of the European Union.
"MHA/CPA Documentation"	means an affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or, as applicable, the Civil Partnership Act 2004 in connection with a Mortgage relating to a Scottish Loan or relevant Property.
"Migration Date"	means 13 May 2016, the date on which legal title to the Mortgage Pool was transferred to the Legal Title-Holder.
"Minimum Denomination"	means, in respect of the Notes represented by the Global Notes and (if issued) the Definitive Notes, £250,000, and for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000.

"Modelling Assumptions"	means the assumptions set out in the section entitled " <i>Weighted Average Lives of the Notes</i> ".
"Monthly Subscriptions"	means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each scheduled payment date, comprising interest and, where applicable, contractual repayments of principal and other sums, as determined in accordance with the terms and conditions of that Loan, without regard for any discounted or additional payment arrangement agreed with the relevant Borrower.
"Moody's"	means Moody's Investors Service Ltd.
"Mortgage"	means (a) a first ranking legal mortgage or charge over Property located in England or Wales, which is security for an English Loan, (b) a first ranking standard security over a Property located in Scotland which is security for a Scottish Loan, and (c) a first ranking legal charge or mortgage by way of conveyance, demise or sub-demise of Property located in Northern Ireland which is security for a Northern Irish Loan.
"Mortgage Administration Agreement"	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Mortgage Administrator.
"Mortgage Administration Facilitator"	means Intertrust Management Limited or any replacement or successor thereto appointed pursuant to the Mortgage Administration Agreement.
"Mortgage Administration Fee"	means a mortgage administration fee payable to the Mortgage Administrator, in respect of its performance of the Services, which is equal to the sum of (exclusive of VAT): <ul style="list-style-type: none"> (a) the Base Fee; and (b) the Arrears Fee; and subject to a floor of £165,000 per calendar month on each Interest Payment Date from the earlier of (A) the tenth anniversary of the Issue Date or (B) the date on which the aggregate Current Balance of the Loans in the Mortgage Pool falls below £1,000,000,000 (such floor includes the aggregate of the Mortgage Administration Fee, the Ancillary Fees and the Legal Title-Holder Fee).
"Mortgage Administrator"	means (a) KMC under the Mortgage Administration Agreement or (b) if KMC's appointment is terminated under the Mortgage Administration Agreement, any other mortgage administrator selected by the Mortgage Administration Facilitator and appointed with the prior written consent of the Trustee and the Legal Title-Holder.
"Mortgage Administrator Software"	means the software which is owned by and/or licensed to the Mortgage Administrator and which is used in the provision of the Services.
"Mortgage Administrator System"	means any IT system, middleware, hardware and related network and other infrastructure and any software or applications, including the Mortgage Administrator Software, operated thereon by the Mortgage Administrator from time to time to

	support the delivery of the Services.
"Mortgage Administrator Termination Event"	means any of the events of default specified under the Mortgage Administration Agreement, including, <i>inter alia</i> , non-performance by the Mortgage Administrator of its obligations thereunder or if insolvency or similar events occur in relation to the Mortgage Administrator.
"Mortgage Conditions"	means the mortgage conditions forming part of the Standard Documentation.
"Mortgage Early Redemption Amounts"	means the compensation amounts payable by a Borrower if a Loan is redeemed (whether pre-enforcement or post-enforcement) within the Relevant Period (excluding, for the avoidance of doubt, any principal received in respect of the Loans to which the relevant Mortgages relate).
"Mortgage Loans"	means the Loans secured by a Mortgage.
"Mortgage Loan Agreement"	means, in respect of a Loan, the agreement between the relevant Originator and the applicable Borrower under which that Mortgage Loan arises.
"Mortgage Pool"	means the Completion Mortgage Pool, other than Loans which have been repaid or in respect of which funds representing principal outstanding have otherwise been received in full or which have been re-transferred to the Seller pursuant to the Mortgage Sale Agreement or in respect of which Enforcement Procedures have been completed.
"Mortgage Pool Option"	means the option granted to the Mortgage Pool Option Holder documented in the Deed Poll.
"Mortgage Pool Option Holder"	means (a) where there is a sole R Certificateholder, that R Certificateholder, or (b) where there is a majority R Certificateholder, that majority R Certificateholder, or (c) where there is not a sole or majority R Certificateholder, an entity unanimously agreed in writing between the R Certificateholders as their representative and whose identity has been notified to the Issuer in writing by the R Certificateholders.
"Mortgage Pool Purchase"	means a purchase of all (but not part) of the Loans and their Related Security by the Mortgage Pool Option Holder.
"Mortgage Pool Purchaser"	means, as applicable, the person specified in an Exercise Notice as the purchaser of the beneficial title to the Loans and/or the legal title to the Loans.
"Mortgage Pool Purchase Completion Date"	means the completion date of the Mortgage Pool Purchase.
"Mortgage Pool Option Purchase Price"	means an amount equal to the higher of: <ul style="list-style-type: none"> (a) the Base Mortgage Pool Purchase Price; and (b) the Market Mortgage Pool Purchase Price.
"Mortgage Rights"	has the meaning given to such term in the Mortgage Sale Agreement.
"Mortgage Sale Agreement"	means the mortgage sale agreement dated on or about the Issue Date between, among others, the Issuer, the Legal Title-Holder, the Seller and the Trustee.

"Most Senior Class"	means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the F Notes for so long as there are any F Notes outstanding; thereafter the G Notes for so long as there are any G Notes outstanding; thereafter the H Notes for so long as there are any H Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z1 Notes for so long as there are any Z1 Notes outstanding; thereafter the Z2 Notes for so long as there are any Z2 Notes outstanding; thereafter the S Certificates for so long as there are any S Certificates outstanding and thereafter the R Certificates for so long as there are any R Certificates outstanding.
"Net Stable Funding Ratio"	has the meaning given to it in the section <i>"Risk Factors – Effect of the sale of the Mortgage Pool – Regulatory considerations – Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors"</i> .
"Non-Liquidity Reserve Fund"	means the amount reserved from time to time in the Transaction Account by depositing amounts into the Transaction Account and crediting the Non-Liquidity Reserve Fund Ledger in accordance with the Cash Administration Agreement.
"Non-Liquidity Reserve Fund Actual Amount"	means an amount equal to the greater of (a) the Reserve Fund Actual Amount less the Liquidity Reserve Fund Required Amount, and (b) zero.
"Non-Liquidity Reserve Fund Ledger"	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
"Non-Liquidity Reserve Fund Required Amount"	means an amount equal to the Reserve Fund Required Amount less the Liquidity Reserve Fund Required Amount.
"Non-Tracker Variable Rate Mortgages"	means the Mortgages, other than BBR Mortgages, BBBR Mortgages, Natwest Mortgages, Fixed for Life Mortgages or Fixed Rate Mortgages, with a rate of interest at the relevant Originator's standard variable rate.
"Northern Irish Loan"	means a Loan secured by a Northern Irish Mortgage.
"Northern Irish Mortgages"	means the Mortgages secured over Properties located in Northern Ireland.
"Noteholders"	means holders of the Notes.
"Note Conditions"	means the terms and conditions applicable to the Notes as set out in Schedule 5 (<i>Terms and Conditions of the Notes</i>) to the Trust Deed, as may from time to time be modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of such Global Note and any reference to a particularly numbered Condition shall be construed accordingly.
"Note Principal Payment"	has the meaning given to such term in Note Condition 5(c) (<i>Note</i>

Principal Payments, Principal Amount Outstanding and Pool Factor).

"Notes"	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes, the H Notes, the X Notes, the Z1 Notes and the Z2 Notes and "Note" means any single note in issue.
"Notice of Mandatory Redemption"	has the meaning given to such term in Note Condition 5(d) (<i>Mandatory Redemption</i>) and Certificates Condition 4(k) (<i>Mandatory Redemption</i>).
"Observation Period"	means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five London Banking Days prior to any such earlier date, if any, on which the Notes become due and payable).
"OCC"	means the Office of the Comptroller of the Currency.
"OFT"	means the Office of Fair Trading.
"Ombudsman"	means the Financial Ombudsman Service.
"Ordinary Resolution"	means: <ul style="list-style-type: none">(a) a resolution passed at a duly convened meeting of the Noteholders and/or Certificateholders or the Noteholders and/or Certificateholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or(b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the, Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates (as applicable), which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders, and (in the circumstances set out in Note Condition 11 (<i>Meetings of Noteholders; Modifications; Consents; Waiver</i>)) an Ordinary Resolution will pass unless 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Issuer in the prescribed manner of their objection to such Ordinary Resolution within 40 days of the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such Class in accordance with the provisions of Note Condition 13 (<i>Notice to Noteholders</i>) by the Issuer, and for so long as the Notes are listed on Euronext

Dublin, by making it available to any Regulatory Information Service maintained by Euronext Dublin.

"Original Sellers"

means GE Money Home Finance Limited, GE Money Home Lending Limited, GE Money Mortgages Limited, GE Money Secured Loans Limited, IGroup2 Limited, IGroup3 Limited, IGroup BDA Limited, IGroup UK Limited, FN Mortgages Limited, Maes ECP No.1 Limited and Household Mortgage Corporation Limited.

"Originator"

means each of City Mortgage Corporation Limited, GE Money Home Finance Limited (formerly First National Home Finance Limited), GE Money Home Lending Limited, GE Money Mortgages Limited (formerly igroup Mortgages Limited), igroup2 Limited, J&J Securities Limited, First Alliance Mortgage Company Limited, Home Funding Corporation Limited and OCWEN Limited, together the **"Originators"**.

"outstanding"

means, in relation to a Class of Notes or Certificates, all the Notes or Certificates of that Class which have been issued except;

- (a) those Notes which have been redeemed in full in accordance with the Note Conditions and those Notes and Certificates which have been cancelled in accordance with the Note Conditions or the Certificates Conditions, as applicable;
- (b) those Notes in respect of which the date for redemption in full has occurred and the full amount of redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Note Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in Clause 2 (*Amount of the Notes and Covenant to Pay*) of the Trust Deed (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*)) and remain available for payment;
- (c) those Notes or Certificates which have become void or in respect of which claims have become prescribed;

provided that for each of the following purposes:

- (A) ascertaining the right to attend and vote at any meeting of the Noteholders or Certificateholders or to participate in any written resolution;
- (B) the determination of how many Notes or Certificates are outstanding for the purposes of Note Condition 9 (*Events of Default*) and Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) or Certificates Condition 6 (*Events of Default*) and Certificates Condition 8 (*Meetings of Certificateholders; Modifications; Consents; Waiver*) and Schedule 7 (*Provisions for Meetings of Noteholders*) to the Trust Deed;

- (C) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Most Senior Class; and
- (D) the determination by the Trustee of whether any event or potential event is or would be materially prejudicial to the interests of the Most Senior Class,

those Notes or Certificates which are beneficially held by or on behalf of the Issuer, the Seller or subsidiaries shall (unless no longer so held) be deemed not to remain outstanding for the purposes of this proviso.

"Parent" or "Holdings"	means Hawksmoor Mortgage Funding 2019-1 Holdings Limited whose registered number is 12069282 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP, United Kingdom.
"Part and Part Loans"	means Loans under the terms of which the loan is effectively separated (at the option of, and at a level decided by, the Borrower) into two, principal amounts, one in respect of which the Borrower pays interest only and the other in respect of which the Borrower pays interest and principal.
"Participants"	means persons that have accounts with Euroclear or Clearstream, Luxembourg.
"Paying Agents"	means the Principal Paying Agent and any additional paying agents appointed pursuant to the Agency Agreement or any of them.
"Payment Holiday"	has the meaning given to it in " <i>Risk Factors – Risks related to the Loans – Risks associated with Flexible Loans</i> ".
"Perfection Events"	means the occurrence of any of the following: <ul style="list-style-type: none"> (a) the service of an Enforcement Notice; (b) the Trustee determining that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of one or more of the Seller or the Legal Title-Holder); (c) any action is taken for the winding-up, dissolution or reorganisation (other than on solvent grounds) of one or more of the Seller or the Legal Title-Holder; or (d) the Issuer, the Trustee, the Seller or the Legal Title-Holder becoming obliged to effect any assignment, transfer, assignation and/or notice in relation to the Loans by an order or decree of any court having jurisdiction or by law or by a mandatory requirement of any regulatory authority having jurisdiction.
"Performance Report"	means the monthly performance report substantially in the form scheduled as Schedule 8 (<i>Form of Performance Report</i>) to the Mortgage Administration Agreement or from time to time agreed between the Issuer and the Mortgage Administrator.
"Personal Data"	has the meaning given to such term in the DPA.

"Policies"	means pension policies, life policies, personal equity plans or endowment policies.
"Pool Factor"	has the meaning given to such term in Note Condition 5(c) (<i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i>).
"Port"	means, with respect to a Mortgage Loan, the transfer of the Mortgage which secures the repayment of the Mortgage Loan to a Property other than the Property in respect of which the initial Mortgage Loan was granted.
"Post-Enforcement Priority of Payments"	means the Post-Enforcement Priority of Payments set out in Note Condition 2(e) (<i>Post-Enforcement Priority of Payments</i>).
"Post-Enforcement Revenue Note Share"	means 95 per cent. of the Post-Enforcement Net Available Funds.
"Post-Enforcement Revenue VRR Share"	means 5 per cent. of the Post-Enforcement Net Available Funds.
"Potential Event of Default"	means any condition, event, act or circumstance which would or could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Note Condition 9 (<i>Events of Default</i>), become an Event of Default.
"PPI Deed Poll"	means the PPI deed poll dated on or about the Issue Date, executed by the Issuer in favour of the Original Sellers under the mortgage sale agreement between the Original Sellers and the Seller.
"PPI Undertaking Deed"	means the PPI undertaking deed dated on or about the Issue Date, between, <i>inter alios</i> , the Issuer and the Trustee.
"PPN"	means the profit participating note agreement dated 23 July 2019
"Pre-Enforcement Principal Note Share"	means 95 per cent. of the Net Available Principal Funds.
"Pre-Enforcement Principal Priority of Payments"	means the Pre-Enforcement Principal Priority of Payments as set out in Note Condition 5(b) (<i>Mandatory Redemption of the Notes</i>).
"Pre-Enforcement Principal VRR Share"	means 5 per cent. of the Net Available Principal Funds.
"Pre-Enforcement Priority of Payments"	means the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as the case may be.
"Pre-Enforcement Revenue Note Share"	means 95 per cent. of the Net Available Revenue Funds.
"Pre-Enforcement Revenue Priority of Payments"	means the Pre-Enforcement Revenue Priority of Payments set out in Note Condition 2(d) (<i>Pre-Enforcement Revenue Priority of Payments</i>).
"Pre-Enforcement Revenue VRR Share"	means 5 per cent. of the Net Available Revenue Funds.
"Principal Amount Outstanding"	means the principal amount outstanding of each note as determined in accordance with Note Condition 5(c) (<i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i>).
"Principal Collections"	means an amount determined by the Cash Administrator on a Determination Date being the aggregate of:

				<p>(a) all repayments or prepayments of principal received by the Issuer in relation to the Loans in respect of the Determination Period ending on or immediately prior to such Determination Date; and</p> <p>(b) recoveries received by the Issuer and allocable to principal upon an enforcement of the Related Security, and recoveries received by the Issuer and allocable to principal upon a purchase or a repurchase of the Loans by the Seller, in accordance with the terms of the Mortgage Sale Agreement, as the case may be, in each case received by the Issuer in the Determination Period preceding such Determination Date.</p>
"Principal Deficiency"				means the amount debited from time to time to the Principal Deficiency Ledger for the purposes of recording Losses on the Mortgage Pool and/or the utilisation of principal receipts to pay a Revenue Shortfall and also to pay interest amounts on the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes and the VRR Proportions of such amounts.
"Principal Deficiency Ledger"				means the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger, the D Principal Deficiency Ledger, the E Principal Deficiency Ledger, the F Principal Deficiency Ledger, the G Principal Deficiency Ledger, the H Principal Deficiency Ledger and the VRR Principal Deficiency Ledger.
"Principal Ledger"				means the ledger of such name created for the purpose of recording Principal Collections and maintained by the Cash Administrator in the Transaction Account.
"Principal Paying Agent"				means Elavon Financial Services DAC, UK Branch or any successor thereto.
"Principal Receipts"				has the meaning given to such term in Note Condition 4(i) (<i>Determinations and Reconciliation</i>)
"Priority of Payments"				means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.
"Property"				means, in relation to a Loan, the freehold, heritable or long leasehold (as applicable) residential property situated in England, Wales and Scotland, or the freehold, fee farm grant or long leasehold (as applicable) residential property in Northern Ireland upon which the obligations of the Borrower are secured.
"Property Deeds"				means all conveyancing deeds, titles, certificates and documents which make up the title to the Properties, the Mortgages and the charges.
"Proposed Replacement Legal Title-Holder"				means any replacement legal title-holder proposed by the Legal Title-Holder Facilitator pursuant to the terms of the Mortgage Administration Agreement.
"Proposed Replacement Mortgage Administrator"				means any replacement mortgage administrator proposed by the Mortgage Administration Facilitator pursuant to the terms of the Mortgage Administration Agreement.
"Prospectus"				means this prospectus of the Issuer for the purposes of the

	Prospectus Regulation.
"Prospectus Regulation"	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017.
"Provisions for Meetings of Noteholders"	means the provisions contained in Schedule 7 (<i>Provisions for Meetings of Noteholders</i>) of the Trust Deed.
"Prudential Regulation Authority" or "PRA"	means the Prudential Regulation Authority which replaced the FSA on 1 April 2013.
"Prudent Mortgage Lender"	means a reasonably prudent mortgage lender acting in a manner consistent with that of an experienced lender, servicer or administrator of residential mortgage loans lending to borrowers in England, Wales, Scotland and Northern Ireland who include the recently self-employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital.
"R Certificates"	means the 10,000 R certificates issued or due to be issued by the Issuer on the Issue Date, or, as the case may be, a specific number thereof.
"R Collection Account"	means the collection account (into which credit or debit card payments from Borrowers in relation to the mortgage loans will be paid) in the name of KMC held with the Collection Accounts Provider with sort code 20 19 90 and account number 73193241; or (a) such replacement account(s) as may be established from time to time so long as these accounts are subject to a declaration of trust in favour of the Issuer, the relevant account holding bank has the rating referred to in the R Collection Account Agreement and such account holding bank enters into an agreement on substantially the same terms as the R Collection Account Agreement, or (b) such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents.
"R Collection Account Agreement"	means the agreement so named dated 17 December 2015 between, <i>inter alios</i> , the beneficiaries thereto and the Collection Accounts Provider as supplemented or amended from time to time.
"R Collection Account Beneficiary Accession Agreement"	means a beneficiary accession agreement in respect of the R Collection Account Agreement dated on or about the Issue Date and made between, <i>inter alios</i> , the Issuer, the Collection Accounts Provider and KMC as legal title-holder.
"R Collection Account Declaration of Trust"	means the declaration of trust in relation to the R Collection Account dated 17 December 2015 granted by KMC as trustee as supplemented by the R Collection Account Supplemental Deed of Declaration of Trust and as amended from time to time.
"R Collection Account Supplemental Deed of Declaration of Trust"	means the deed dated on or about the Issue Date between KMC, the Issuer and the Trustee and which is supplemental to the R Collection Account Declaration of Trust.
"R Collection Account Relevant Trustee Accession Agreement"	means a relevant trustee accession agreement in respect of the R Collection Account Agreement dated on or about the Issue Date

	and made between, <i>inter alios</i> , the Trustee, Barclays Bank PLC as the collection accounts provider and KMC as Legal Title-Holder.
"RAO"	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended).
"Rated Notes"	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and G Notes.
"Rate of Interest"	means the relevant Floating Rate of Interest.
"Rating Agencies"	means Moody's and S&P and "Rating Agency" means any of them.
"Rating Agency Confirmation"	means (i) written confirmation from each Rating Agency that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded or withdrawn and, if relevant, delivers a copy of each such confirmation to the Trustee, or (ii) the Issuer certifies in writing that the Rating Agencies then rating the Notes have been informed of the proposed modification and none of the Rating Agencies have indicated that such modification would result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Notes rated thereby.
"Realisation"	means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property, including (without limitation) through sale or through performance by an obligor.
"Receiver"	means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with the Deed of Charge.
"Reconciliation Amount"	has the meaning given to such term in Note Condition 4(i) (<i>Determinations and Reconciliation</i>).
"Record Date"	means the 15 th day before the due date of each payment in respect of a Note or Certificate.
"Redemption Event"	has the meaning given to it in Note Condition 2(a) (<i>Status, Security and Administration</i>).
"Redraw"	means, in relation to a Flexible Loan, any further drawing of moneys made by a Borrower under that Flexible Loan which the Borrower is contractually permitted to demand in accordance with the Mortgage Conditions.
"Redraw Date"	means the date on which a Redraw is made.
"Redraw Notice"	means a written notice sent by the Mortgage Administrator to the Issuer, the Seller and the Cash Administrator (with a copy to the Legal Title-Holder) notifying them of the Redraw request and setting out the amount of the proposed Redraw.
"Register"	means either of: (i) the register kept at the Specified Office of the Registrar on which it must maintain a record of the names and addresses of the holders of the Notes and the particulars of the Notes held by them, as well as all transfers and redemptions of

	the Notes; or (ii) the register kept at the Specified Office of the Registrar on which it must maintain a record of the names and addresses of the holders of the Certificates and the particulars of the Certificates held by them, as well as all transfers and redemptions of the Certificates.
"Registrar"	means Elavon Financial Services DAC.
"Registries of Northern Ireland"	means the Land Registry of Northern Ireland and the Registry of Deeds of Northern Ireland, as the context requires.
"Registers of Scotland"	means the Land Register of Scotland or the General Register of Sasines (as applicable).
"Registry Map"	means a map identifying the location of the land to which it relates at the Land Registry of Northern Ireland.
"Regulated Mortgage Contract"	means any regulated mortgage contract under FSMA.
"Regulatory Authority"	means the Financial Conduct Authority, Office of Fair Trading and the Information Commissioner having regulatory and/or supervisory authority over all or any part of: <ul style="list-style-type: none"> (a) the Services; (b) the business of the Legal Title-Holder and/or the Issuer and/or assets owned by Legal Title-Holder and/or the Issuer; (c) the Loans and/or Mortgages and/or Related Security and/or Borrowers; or (d) the Mortgage Administrator.
"Regulation S"	means Regulation S of the Securities Act.
"Related Security"	means the Mortgages, and all rights, title, interest and benefit in and to a Loan assigned and/or secured pursuant to any such Mortgage and all other related security for, and rights in respect of the Mortgage Loan Agreements including (but not limited to) any deed of consent, MHA/CPA Documentation, deeds of postponement, ranking agreements and any rights against any person or persons in connection with the origination and completion of such Mortgage Loan Agreement and any life policies, life policy assignments, or assignments, priority letters, pension policies, guarantees, individual buildings policies, title insurance policy, assignments, assignments, searches, indemnities and related documentation and any other deed or document providing ancillary security or indemnity for repayment of any sums due from time to time under the relevant Mortgage Loan Agreement.
"Relevant Determination Period"	has the meaning given to such term in Note Condition 4(i) (<i>Determinations and Reconciliation</i>).
"Relevant Entity"	means institutions incorporated in the United Kingdom with permission to accept deposits pursuant to Part IV of the FSMA.
"Relevant Implementation Date"	has the meaning given to such term in the section entitled " <i>Purchase and Sale</i> ".
"Relevant Information"	has the meaning given to such term in the section entitled " <i>Risk Factors</i> ".

"Relevant Margin"	has the meaning given to such term in Note Condition 4(c) (<i>Rate of Interest</i>).
"Relevant Member State"	has the meaning given to such term in the section entitled " <i>Purchase and Sale</i> ".
"Relevant Period"	means three years from the date of advance of the relevant Loan to the Borrower.
"Repayment Loan"	means a Loan under the terms of which monthly instalments covering both interest and principal are payable by the Borrower until the Loan is fully repaid by its maturity in accordance with the relevant Loan Conditions.
"Replacement Legal Title-Holder"	has the meaning given to it in the Mortgage Administration Agreement.
"Repurchase Date"	means the date on which the Issuer shall sell, re-transfer or re-assign to the Seller its Mortgage Rights in relation to any Loan and its Related Security in respect of which a Repurchase Event has occurred which shall be on or before the date falling 15 Business Days after notice of a Repurchase Event has been given to the Seller, the Trustee and the Legal Title-Holder by the Mortgage Administrator on behalf of the Issuer.
"Repurchase Event"	means: <ul style="list-style-type: none"> (a) a Breach of Warranty Repurchase Event; (b) where the Legal Title-Holder in its capacity as legal title-holder and lender of record agrees to make a further advance (other than a Redraw) to a Borrower under a Loan; or (c) the Issuer does not have sufficient funds in the Principal Ledger or in the Collection Account to fund amounts to be advanced to Borrowers as Redraws.
"Repurchase Price"	means a cash payment to the Issuer or to such person as the Issuer may direct, in an amount equal to the aggregate of: <ul style="list-style-type: none"> (a) 100 per cent. of the principal amount outstanding of the relevant Loan as at the Repurchase Date; (b) interest accrued but not due on the Loan as at the date of repurchase, minus an amount equal to any interest not yet accrued on such Loan as at the Repurchase Date but paid in advance to the Issuer; (c) an amount equal to all amounts (other than such amounts as set out in paragraphs (a) and (b) above) which are due and payable as at the Repurchase Date under that Loan; and (d) with respect to a Breach of Warranty Repurchase Event only, the reasonable legal costs of the Issuer incurred in relation to such repurchase.
"Reserve Fund"	means the amount reserved from time to time in the Transaction Account by depositing the Reserve Fund Required Amount into the Transaction Account and crediting the Reserve Fund Ledger.

"Reserve Fund Actual Amount"

means the amount standing to the credit of the Reserve Fund, and the Reserve Fund Required Amount will be split between a Liquidity Reserve Fund Required Amount and a Non-Liquidity Reserve Fund Required Amount.

"Reserve Fund Ledger"

means the ledger of such name created for the purpose of depositing the Reserve Fund Required Amount and maintained by the Cash Administrator in the Transaction Account.

"Reserve Fund Required Amount"

in respect of any Interest Payment Date, the greater of:

- (a) 2.25 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes on the Previous IPD (except in respect of the first Interest Payment Date which will refer to the Principal Amount Outstanding of such Notes on the Issue Date) and the VRR Proportion of such Principal Amount Outstanding of the aggregate of the A Notes, B Notes, C Notes, D Notes, E Notes, F Notes, G Notes and H Notes; or
- (b) 1.5 per cent. of the Principal Amount Outstanding of the aggregate of the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes, the G Notes and the H Notes and the VRR Proportion of the aggregate Principal Amount Outstanding of the A Notes, B Notes, C Notes, D Notes, E Notes, F Notes, G Notes and H Notes in each case as at the Issue Date,

provided that: (i) for the purposes of the calculation in paragraph (a) above, if the amount standing to the credit of the Reserve Fund Ledger on the immediately preceding Interest Payment Date (the "**Previous IPD**") (after application of the Pre-Enforcement Revenue Priority of Payments) was less than the Reserve Fund Required Amount in respect of the Previous IPD, the Reserve Fund Required Amount for the relevant Interest Payment Date shall be an amount equal to the Reserve Fund Required Amount in respect of the Previous IPD; and (ii) following redemption in full of the A Notes to the G Notes (inclusive), the Reserve Fund Required Amount will be zero.

"Residual Payment"

means:

- (a) prior to the delivery of an Enforcement Notice for an Interest Payment Date, the amount by which Available Revenue Funds exceed the amounts required to satisfy items (i) to (iv), (v)(A) to (v)(W) and (vi)(A) to (vi)(W) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
- (b) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (i) to (iii), and (iv)(A) to (iv)(N),

	and (v)(A) to (v)(N) of the Post-Enforcement Priority of Payments on that date.
"Retained Interest"	means the Retention Holder's holding of the VRR Loan Note.
"Retention"	the material net economic interest of at least 5 per cent. in the nominal value of each of the tranches sold or transferred to investors as required by Article 6(1) and Article 6(3)(a) of the Securitisation Regulation (which does not take into account any corresponding relevant national measures and as interpreted and applied on the date hereof).
"Retention Holder"	means Credit Suisse International.
"Retention Requirement"	means the requirement for the Retention Holder to retain, on an ongoing basis a material net economic interest of at least 5 per cent. in the securitisation, in accordance with the Securitisation Regulation as of the Issue Date.
"Revenue Collections"	means an amount determined by the Mortgage Administrator on a Determination Date being the aggregate of: <ul style="list-style-type: none"> (a) all payments of interest, fees, breakage costs and other sums not comprising Principal Collections, if any, received by the Issuer in relation to the Loans in the Mortgage Pool in respect of the Determination Period ending immediately prior to such Determination Date; (b) recoveries received by the Issuer and allocable to interest upon an enforcement of the Related Security, and recoveries received by the Issuer and allocable to interest upon a purchase or a repurchase of any Loans in the Mortgage Pool by the Seller in accordance with the terms of the Mortgage Sale Agreement, in each case, received by the Issuer in the Determination Period ending immediately prior to such Determination Date; and (c) all Mortgage Early Redemption Amounts in respect of the Determination Period ending immediately prior to such Determination Date.
"Revenue Ledger"	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
"Revenue Receipts"	has the meaning given to such term in Note Condition 4(i) (<i>Determinations and Reconciliation</i>).
"Revenue Shortfall"	means, on each Determination Date, the amount by which the Available Revenue Funds (disregarding limb (c) of the definition thereof) for the immediately following Interest Payment Date is insufficient to provide for payment of Senior Fees, the interest on the A Notes and the Class S Payment (and the VRR Proportion of such amounts) in the Pre-Enforcement Revenue Priority of Payments on the immediately following Interest Payment Date.
"Right to Buy Loan"	means a loan which is intended for a Borrower who wishes to use the Loan in order to purchase a property pursuant to the UK or Scottish government's Right to Buy Scheme.
"Right to Buy Insurance"	means an insurance policy providing insurance cover in respect

	of amounts advanced under a loan which will not have priority to the statutory charge arising under the Housing Act 1985 or the Housing (Scotland) Act 1987, or a prior mortgage or charge arising out of a statutory house sales scheme in operation in Northern Ireland.
"Risk Retention Regulatory Change Event"	means any change in or the adoption of any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder after the Issue Date which would impose a positive obligation on the Retention Holder to subscribe for any Notes over and above the VRR Loan Note required to be maintained by it to comply with the Retention Requirement or otherwise increase its investment.
"Risk Retention Regulatory Change Option"	means the option of the Retention Holder or the Mortgage Pool Option Holder, as applicable, in the Mortgage Sale Agreement to acquire (or to nominate a third party to acquire) all but not some of the Mortgage Pool following a Risk Retention Regulatory Change Event.
"S Certificates"	means the 10,000 S certificates issued or due to be issued by the Issuer on the Issue Date, or, as the case may be, a specific number thereof.
"S&P"	means S&P Global Ratings, a division of Standard & Poor's Credit Market Services Europe Limited.
"Scottish Declaration of Trust"	means a Scots law declaration of trust entered into between the Legal Title-Holder and the Issuer (at the request or instruction of the Seller, or otherwise) pursuant to and substantially in the form set out in the Mortgage Sale Agreement (and any additional, supplemental or replacement Scots law declarations of trust entered into pursuant thereto).
"Scottish Mortgage"	means a Mortgage originated in, or otherwise secured over Properties located in Scotland.
"Scottish Loan"	means a Loan secured by a Mortgage and any Related Security over a Scottish Property (or any other Mortgage Loan governed by Scots law).
"Scottish Property"	means a Property located in Scotland.
"Scottish Release"	means the Scots law deeds of retrocession and release entered into between, amongst others, the Securitisation Issuers, the Additional Loan Seller, the Seller and the Legal Title-Holder.
"Scottish Sasine Transfer" or "Sasine Transfer"	means, in relation to a Property situated in Scotland, title to which is (or is required to be) recorded in the General Register of Sasines, an assignation of the relevant Scottish Loans and their related Mortgages and Mortgage Rights, substantially in the form set out in and delivered pursuant to the Mortgage Sale Agreement.
"Scottish Security Documents"	means each Scottish Sub-Security and Scottish Trust Security.
"Scottish Sub-Security"	means a Standard Security to be granted pursuant to the Deed of Charge and substantially in the form set out therein.
"Scottish Trust Security"	means a Scots law assignation in security granted pursuant to the Deed of Charge and substantially in the form set out therein.

"Secured Creditors"	<p>means each of the following:</p> <ul style="list-style-type: none"> (a) the Noteholders; (b) the Trustee; (c) any Receiver (in its capacity as a creditor secured by the Deed of Charge); (d) the Agents; (e) the Cash Administrator; (f) the Mortgage Administrator; (g) the Servicer Administrator; (h) the Mortgage Administration Facilitator; (i) the Account Bank; (j) the Collection Accounts Provider; (k) the Corporate Services Provider; (l) the Seller; (m) the Legal Title-Holder; (n) the Legal Title-Holder Facilitator; (o) the Certificateholders; (p) the VRR Loan Noteholder; and (q) any party who accedes to the Deed of Charge and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor.
"Securities Act"	means the United States Securities Act of 1933, as amended.
"Securitisation Issuers"	means each of Hawksmoor Mortgages 2016-1 PLC and Hawksmoor Mortgages 2016-2 PLC.
"Security"	means the security created in favour of the Trustee by, and contained in or granted pursuant to, the Deed of Charge and the Scottish Security Documents.
"Security Interest"	means any mortgage, standard security, sub-mortgage, sub-security, charge, sub-charge pledge, lien, assignment or assignation in security, right of set off or other encumbrance or security interest whatsoever, howsoever created or arising.
"Secured Amounts"	means any amounts owing to the Secured Creditors from the Issuer.
"Securitisation Tax Regulations"	means the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended).
"Self-Certified Loan"	means Loans in respect of which income and employment details of the Borrower are not substantiated by supporting documentation.
"Seller"	means Clearwater Seller Limited acting as seller of the Loans under the Mortgage Sale Agreement.
"Senior Fees"	means the fees due and payable under items (i) to (iv) of the Pre-

	Enforcement Revenue Priority of Payments.
"Senior Notes"	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the F Notes and the G Notes.
"Senior Servicing Fee Cap"	means, in relation to the Mortgage Administration Fee, the amount equal to 0.5 per cent. (exclusive of VAT, if any) of the aggregate Balance of each of the Loans in the Mortgage Pool on the first day of the Determination Period immediately preceding the relevant Determination Date multiplied by the number of days in that Determination Period divided by 365.
"Service Specification"	means the service specification effective from the date of the Mortgage Administration Agreement which defines the scope of the Services to be carried out by the Mortgage Administrator, as from time to time amended or supplemented by the agreement of the Mortgage Administrator and Legal Title-Holder using the Change Control Mechanism and/or as required by a Regulatory Authority and/or Applicable Law.
"Services"	means the specific duties of the Mortgage Administrator agreed to be performed by it in the Mortgage Administration Agreement.
"Share Trustee"	means Intertrust Corporate Services Limited, a company registered in England and Wales with company number 03920255.
"Solvency II"	means Directive 2009/138/EC.
"SONIA"	means the Sterling Overnight Index Average as set out in Note Condition 4 (<i>Interest</i>).
"Specified Office"	means the Registered Office of the relevant Agent, or the office that such Agent notifies to the Trustee and the Issuer.
"SRR"	means the special resolution regime.
"Standard Documentation"	means the documents used by the relevant lender in connection with its activities as residential mortgage lender in relation to the origination of the relevant Loans in substantially the forms identified in Appendix 1 (<i>Standard Documents</i>) to the Mortgage Sale Agreement and such other documents as may from time to time be substituted or added thereto.
"Standard Security"	shall have the meaning set out in the Conveyancing and Feudal Reform (Scotland) Act 1970.
"Step-Up Date"	means the Interest Payment Date falling in August 2022.
"Subscribed Notes"	means, the £1,935,215,000 A Notes due May 2053, the £141,171,000 B Notes due May 2053, the £64,703,000 C Notes due May 2053, the £21,176,000 D Notes due May 2053, the £42,351,000 E Notes due May 2053, the £42,351,000 F Notes due May 2053, the £23,528,000 G Notes due May 2053 and the £28,236,000 X Notes due May 2053.
"Subsidiary"	means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 (as amended or re enacted from time to time).
"Subscription Agreement"	means the subscription agreement dated on or around 23 July

	2019 between the Issuer and the Joint Lead Managers.
"Supplemental Deed of Charge"	means any supplement or amendment to the Deed of Charge.
"SVR"	means the applicable rate in accordance with the terms and conditions of the relevant mortgage loan.
"System"	means any IT system, middleware, hardware and related network and other infrastructure and any software or applications operated thereon.
"Target Mortgage Pool"	means the Loans proposed to be included in the Mortgage Pool as at the Target-Pool Cut-Off Date with the characteristics set out in the section entitled " <i>Constitution of the Mortgage Pool</i> ".
"Target Pool Cut-off Date "	means 15 June 2019.
"Third Party Amounts"	means: <ul style="list-style-type: none"> (a) subject to any right to refuse or withhold payment or right of set-off that has arisen by reason of the Borrower's breach of the terms of the relevant Loan or Related Security concerned, any amounts payable by the Issuer to a Borrower under the terms of the Mortgage to which that Borrower is a party or by operation of law (including, for the avoidance of any doubt, any Redraws or amounts due by the Issuer pursuant to Clause 9.1 (<i>Payment Obligation</i>) of the Mortgage Sale Agreement); (b) without double counting any amounts deductible pursuant to paragraph (d) below, any amounts received from a Borrower for the express purpose of payment by the Issuer to a third party of such amount for the provision of a service (including, but not limited to, insurance cover premiums) to either that Borrower or the Issuer; (c) any amounts arising from any overpayment by any person to the Issuer in respect of any Loan or Mortgage or (without double counting) arising from any reimbursement by any person of any such overpayment; (d) insurance commissions due the Legal Title-Holder (as the case may be) in respect of insurance cover procured for the benefit of the Issuer or Borrowers whether or not such commission has been recovered from the relevant Borrower; (e) all normal costs and expenses incurred in connection with the making or realisation of any Authorised Investment; (f) other than on an Interest Payment Date, any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Trust Deed and not provided for payment elsewhere in this definition of Third Party Amounts to pay any premia in respect of any insurance policy relating to any Loan or Mortgage;

- (g) payments due and payable to the Mortgage Administrator on a date which is not an Interest Payment Date pursuant to the Mortgage Administration Agreement;
- (h) an amount equal to any Unpaid Items which are incurred by reason of the operation of the Direct Debiting Scheme or otherwise.

"Transaction Account"

means the account in the name of the Issuer at the Account Bank, designated as the "Transaction Account" or such other replacement account as may be established from time to time in accordance with the Transaction Documents.

"Transaction Documents"

means the Master Definitions Schedule, the Bank Agreement, the Main Collection Account Agreement, the F Collection Account Beneficiary Accession Agreement, the R Collection Account Beneficiary Accession Agreement, the F Collection Account Relevant Trustee Accession Agreement, the R Collection Account Relevant Trustee Accession Agreement, the Main Collection Account Declaration of Trust, the F Collection Account Declaration of Trust, the R Collection Account Declaration of Trust, the F Collection Account Supplemental Deed of Declaration of Trust, the R Collection Account Supplemental Deed of Declaration of Trust, the Cash Administration Agreement, the Corporate Services Agreement, the Deed Poll, the PPI Deed Poll, the PPI Undertaking Deed, the Deed of Charge, the Scottish Trust Security, each Scottish Sub-Security, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the VRR Loan Note Agreement and any other document agreed between the Issuer and the Trustee to be a Transaction Document.

"Transaction Parties"

means each of the following:

- (a) the Issuer
- (b) the Trustee;
- (c) the Agents;
- (d) the Cash Administrator;
- (e) the Mortgage Administrator;
- (f) the Servicer Administrator;
- (g) the Mortgage Administration Facilitator;
- (h) the Legal Title-Holder;
- (i) the Legal Title-Holder Facilitator;
- (j) the Account Bank;
- (k) the Collection Accounts Provider;
- (l) the Corporate Services Provider; and
- (m) the Seller.

"Transfer Date"	means 23 July 2019.
"Treaty"	means the Treaty on the functioning of the European Union (as amended).
"Trust Deed"	means the trust deed to be entered into between the Issuer and the Trustee on or about the Issue Date.
"Trustee"	means U.S. Bank Trustees Limited in its capacity as trustee for the Noteholders or any successor thereto and for the Secured Creditors appointed in respect of the Security created pursuant to the Deed of Charge and any Supplemental Deed of Charge and such term shall include its successors and assigns.
"Unfair Commercial Practices Directive"	means the directive on unfair business-to-consumer commercial practices adopted by the European Parliament and the Council on 11 May 2005.
"Unpaid Items"	means: <ul style="list-style-type: none"> (a) any amount comprising part of the BACS Amount which: <ul style="list-style-type: none"> (i) has not been received by it or has been returned unpaid, (ii) has otherwise been recalled, or (iii) has been the subject of an indemnity claim against the Collection Accounts Provider or KMC under the Direct Debiting Scheme; and (b) any amount credited by the Collection Accounts Provider to the Main Collection Account, R Collection Account or F Collection Account (as applicable) which has been returned unpaid, been recalled or been reversed or otherwise reclaimed.
"U.S."	means the United States of America.
"U.S.\$" or "U.S. Dollars"	are references to the lawful currency of the United States of America.
"U.S. Persons"	has the meaning given to it in Regulation S, and "non-U.S. Persons" means those persons that fall outside the definition of U.S. Persons in Regulation S.
"UCPD" or "Unfair Commercial Practices Directive"	means the directive on unfair business-to-consumer commercial practices adopted by the European Parliament on 11 May 2005.
"UTCCR"	means the 1999 Regulations and (insofar as applicable) the Unfair Terms in Consumer Contracts Regulations 1994.
"Value Added Tax" or "VAT"	shall be construed as a reference to value added tax as that term is used in the Value Added Tax Act 1994 and all subsequent amendments thereto, and shall include any similar tax which may be imposed in addition thereto or in place thereof from time to time.
"Verified Certificateholder"	means a Certificateholder which has satisfied the Trustee or such other relevant Transaction Party that it is a Certificateholder in accordance with Certificates Condition 8(g) (<i>Evidence of Certificates</i>).

"Verified Noteholder"	means a Noteholder which has satisfied the Trustee or such other relevant Transaction Party that it is a Noteholder in accordance with Note Condition 11(g) (<i>Evidence of Notes</i>).
"Volcker Rule"	means the provisions of Section 13 of the Bank Holding Company Act of 1956, as amended.
"VRR Loan Note"	means the £126,621,000 VRR loan note issued by the Issuer pursuant to the VRR Loan Note Agreement.
"VRR Principal Deficiency Ledger"	means the sub-ledger of such name created for the purpose of recording the VRR Principal Deficiency, and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
"VRR Proportion"	means in respect of an amount, 5 per cent. of that relevant amount multiplied by (100/95).
"Warranties"	means, in relation to the Loans (other than the Ineligible Loans), the representations, warranties and undertakings referred to in the Mortgage Sale Agreement.
"Weighted Average Original LTV"	means, in respect of the Loans in the Mortgage Pool, the weighted average of the original loan balance divided by the property valuation against which the Loan was underwritten.
"X Noteholders"	means the persons who are for the time being holders of the X Notes.
"X Notes"	means the £28,236,000 Class X floating rate note due May 2053 and, unless stated to the contrary, all references to "X Note" shall be construed as a reference to such Note whether in global or definitive form.
"X Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"Z1 Noteholders"	means the persons who are for the time being holders of the Z1 Notes.
"Z1 Notes"	means the £15,293,000 Class Z1 floating rate note due May 2053 and, unless stated to the contrary, all references to "Z1 Note" shall be construed as a reference to such Note whether in global or definitive form.
"Z1 Residual Amount"	has the meaning given to such term in Note Condition 4(h) (<i>Deferral of Interest</i>).
"Z2 Noteholders"	means the persons who are for the time being holders of the Z2 Notes.
"Z2 Notes"	means the £9,411,000 Class Z2 zero coupon notes due May 2053 and, unless stated to the contrary, all references to "Z2 Note" shall be construed as a reference to such Note whether in global or definitive form.

INDEX OF DEFINED TERMS

£ xix, 320	BBBR Mortgages	327
€ xix, 320, 334	BBR	327
1999 Regulations	BBR Mortgages	327
2010 Act	Benchmarks Regulation	xii, 10
2012 Act	Benefit Plan Investors	306
A Noteholders	BofA Merrill Lynch	50, 327
A Notes	Book-Entry Interests	327
A Principal Deficiency	Borrower	327
A Principal Deficiency Ledger	Borrower Buildings Policy	169, 327
Account Bank	Borrower Data	327
Accrued Interest	Breach of Warranty Repurchase	
Acquisition Mortgage Pool	Event	327
Additional Loan Seller	BRRD Order	34, 327
Additional Loans	business day	246, 277
Additional Loans Mortgage Sale	Business Day	256, 285, 327
Agreement	Buy-to-Let Loan	327
Agency Agreement	C Noteholders	327
Agent Bank	C Notes	212, 327
Agents	C Principal Deficiency	327
Ancillary Fees	C Principal Deficiency Ledger	327
APPG	C Residual Amount	236, 328
Applicable Law	Call Cut-off Date	60, 172
Appointee	Call Option Date	72, 328
Arranger	Cash Administration	328
Arrears Fee	Cash Administration Agreement	190, 212, 259, 328
Arrears Fee Condition	Cash Administrator	212, 259, 328
Arrears Fees	Cash Administrator Termination	
Assignment and Indemnity	Event	328
Agreement	CBTL	114
Auditors	CBTL Mortgages	328
Authorised Investments	CCJ	328
Authorities	Central Bank	328
Available Principal Funds	Certificate Payment Amounts	276
Available Revenue Funds	Certificate Payments	276, 329
B Noteholders	Certificateholders	259, 260, 328
B Notes	Certificates	260, 328
B Principal Deficiency	Certificates	259
B Principal Deficiency Ledger	Certificates Conditions	259, 328
B Residual Amount	Certificates Extraordinary Resolution	285, 328
Balance	Certificates Ordinary Resolution	285, 329
Bank Agreement	CFC	300
Bank Rate	Change	329
Banking Act	Change Control Mechanism	329
Barclays	Charged Obligation Documents	219, 262, 329
Barclays Bank	Charged Property	249, 281, 330
Barclays Group	Class	212, 330
Base Fee	Class S Payment	261, 330
Base Mortgage Pool Purchase Price	classes	330
Base Rate Change	Clean-up Call Trigger	243
Basel Committee	Clean-Up Call Trigger	278, 330
Basel III	Clearing System	201, 207
Basic Terms Modification	Clearing Systems	330
BBBR	Clearstream, Luxembourg	330

CMA.....	120, 330	Distributor.....	xviii
CMA Guidance.....	122	DPA.....	333
Code.....	ix, xiii, 246, 313, 315	DWP.....	333
Collection Accounts.....	330	E Noteholders.....	333
Collection Accounts Provider.....	330	E Notes.....	212, 333
Collection Accounts Provider		E Principal Deficiency.....	333
Downgrade Event.....	103, 330	E Principal Deficiency Ledger.....	333
Collection Accounts Rating Agency		E Residual Amount.....	237, 333
Required Ratings.....	103, 330	EEA.....	xviii, 334
Commencement Date.....	124, 331	Employee Benefit Plan.....	313, 314
Common Depository.....	331	Energy Efficiency Regulations 2015.....	126
Common Safekeeper.....	331	Enforcement Notice.....	247, 256, 286, 333
Compensation Sum.....	117	Enforcement Procedures.....	334
Completion Mortgage Pool.....	331	English Loan.....	334
Compounded Daily SONIA.....	233	English Mortgages.....	334
Conditions.....	212, 331	Equity Notes.....	297
Confidential Information.....	331	ERISA.....	ix, xiii, 305, 313, 315
Consultation.....	118	ERISA Plans.....	305
Contingency Policy.....	331	ERISA-Eligible Notes.....	306
Contingent Buildings Policy.....	169, 331	ESMA.....	vi, xii, 334
Corporate Services Agreement.....	128, 332	ESMA Disclosure Templates.....	41
Corporate Services Provider.....	128, 332	EU.....	vi
Counter Notice.....	171, 332	EU Risk Retention Requirements.....	334
CPR.....	194, 332	EU Risk Retention Rules.....	334
CPUTR.....	122	euro.....	334
CPUTRs.....	332	Euro.....	xix, 320, 334
CRA.....	120	Euroclear.....	334
CRA Regulation.....	vi, 332	Euronext Dublin.....	vii, 255, 307, 316
CRA3.....	45, 332	European Economic Area.....	334
CRA3 Templates.....	41	Eurosystem.....	334
Credit Suisse.....	50	Eurozone.....	334
CRR Amendment Regulation.....	40	Event of Default.....	247, 279, 334
CSi	136	EVI.....	ix, 44, 110
Cumulative Defaults.....	332	Excess Spread.....	v, 334
Current Balance.....	332	Exchange Act.....	vi, ix, xiii, 335
Cut-Off Date.....	332	Exercise Notice.....	171, 335
D Noteholders.....	332	Extraordinary Resolution.....	256, 335
D Notes.....	212, 332	F Collection Account.....	181, 335
D Principal Deficiency.....	332	F Collection Account Agreement.....	336
D Principal Deficiency Ledger.....	332	F Collection Account Beneficiary	
D Residual Amount.....	236, 332	Accession Agreement.....	336
Deed of Charge.....	212, 259, 332	F Collection Account Declaration of	
Deed Poll.....	332	Trust.....	181, 336
Deferrable Notes.....	333	F Collection Account Relevant	
Deferred Interest.....	333	Trustee Accession Agreement.....	336
Definitive Certificate.....	333	F Collection Account Supplemental	
Definitive Certificates.....	207, 213, 259	Deed of Declaration of Trust.....	336
Definitive Note.....	333	F Noteholders.....	336
Definitive Notes.....	67, 201, 213	F Notes.....	212, 336
Determination Date.....	240, 333	F Principal Deficiency.....	336
Determination Period.....	333	F Principal Deficiency Ledger.....	336
Directive.....	34, 333	F Residual Amount.....	336
Disclosure RTS.....	42	FATCA.....	246, 336
Discount Note.....	298	FCA.....	337
Distribution Compliance Period... 204, 308, 333		FCA Announcements.....	10

FCA Rules	337	Investment Company Act	i, x, 340
filed plan	287, 337	Investor Report	340
Final Maturity Date	337	IRS	296, 341
Final RTS	337	ISE or Irish Stock Exchange	340
First National	25	Issue Date	v, 212, 259, 341
Fixed for Life Mortgages	26	Issuer	212, 341
Fixed Rate Mortgage	26, 143, 337	Issuer Profit	341
Flexible Loans	20	Issuer Profit Ledger	341
Floating Rate of Interest	234, 337	Issuer/ICSD Agreement	341
FN SVR Mortgages	25, 337	IVA	341
foreign financial institution	304	Joint Lead Managers	341
foreign passthru payments	304, 337	Joint Lead Managers Related Person	14, 341
Form ABS-15G Report	111	Junglinster	v, 341
FSA	337	Keeper Induced Registrations	124
FSMA	113, 337	Kensington Base Rate	26, 341
G Noteholders	337	KMC	341
g Notes	337	Land Registry	341
G Notes	212	LBTT	19
G Principal Deficiency	337	LCR	342
G Principal Deficiency Ledger	337	Legal Title-Holder	341
G Residual Amount	338	Legal Title-Holder Duties	185, 341
Global Certificate	259	Legal Title-Holder Facilitator	341
Global Certificates	338	Legal Title-Holder Fee	341
Global Note	201	Legal Title-Holder IPR	342
Global Notes	213, 338	Legal Title-Holder Policies	342
H Notes	212, 338	Legal Title-Holder Termination Event	342
H Principal Deficiency	338	Legal Title-Holder's Business	342
H Principal Deficiency Ledger	338	Legal Title-Holder's Business Data	342
Help to Buy Loan	31, 338	Legal Title-Holder's System	342
Historical Data Extract Period	338	Lending Criteria	342
HM Revenue and Customs	338	Liability	342
<i>HMRC</i>	295, 338	LIBOR	342
Holding Company	338	LIO	342
Holdings	131, 350	Liquidity Coverage Ratio	45, 342
ICSD	338	Liquidity Reserve Fund	343
ICSDs	338	Liquidity Reserve Fund Actual Amount	343
IGA	338	Liquidity Reserve Fund Ledger	343
IGAs	304	Liquidity Reserve Fund Required Amount	176, 343
Indirect Participants	202, 208, 338	Listing Agent	343
Ineligible Loans	141, 164	Loan	343
Information Commissioner	338	Loan Conditions	343
Initial Available Revenue	338	Loan to Value Ratio	343
Initial Principal Amount	338	Losses	343
Initial RR Call Notice	58, 172	LTV	343
Insolvency Event	338	Main Collection Account	180, 343
Insurance Contracts	339	Main Collection Account Agreement	344
Insurance Distribution Directive	xviii	Main Collection Account Declaration of Trust	180, 344
Intellectual Property	340	margin compression	344
Interest Amount	235, 340	Margin Compression	26
Interest Determination Date	340	Market Abuse Directive	344
Interest Determination Ratio	239, 340	Master Definitions Schedule	344
Interest Only Loan	340		
Interest Payment Date	233, 340		
Interest Period	233, 340		
Interest Shortfall	238, 340		

MCD.....	114, 344	Non-Liquidity Reserve Fund	
MCD Order.....	344	Required Amount	176, 347
MCOB	114, 344	Non-Tracker Variable Rate	
Member State.....	344	Mortgages.....	347
MHA/CPA Documentation	344	non-U.S. Persons	364
MiFID II	vii, xviii	Non-United States holder.....	297
Migration Date.....	344	Northern Irish Loan	347
Minimum Denomination	202, 344	Northern Irish mortgaged property.....	291
Minimum Required Interest.....	109	Northern Irish Mortgages.....	347
MMS Final Report	118	Note	348
Modelling Assumptions	194, 345	Note Conditions.....	347
Monthly Subscription.....	167	Note Principal Payment	242, 347
Monthly Subscriptions	345	Noteholders	212, 347
Moody's.....	345	Notes.....	212, 348
Mortgage	345	notice of mandatory redemption.....	243, 348
Mortgage Administration Agreement ..	183, 345	Notice of Mandatory Redemption	278
Mortgage Administration Facilitator	345	NRSROs	vi
Mortgage Administration Facilitator		NSS.....	67, 201
Services.....	189	Observation Period	234, 348
Mortgage Administration Fee.....	328, 345	OCC.....	348
Mortgage Administrator	345	Official List.....	vii
Mortgage Administrator Software	345	OFT	115, 348
Mortgage Administrator System.....	345	OID	297
Mortgage Administrator Termination		OID Regulations.....	297
Event.....	346	Ombudsman	122, 348
Mortgage Conditions.....	346	OneSavings Bank v Burns	125
Mortgage Credit Directive.....	114	Ordinary Resolution	257, 348
Mortgage Early Redemption		Original Sellers.....	349
Amounts.....	346	Originator.....	349
Mortgage Loan Agreement.....	346	Originators	349
Mortgage Loans	346	outstanding.....	349
Mortgage Pool	v, 346	Parent	128, 350
Mortgage Pool Option.....	170, 346	Part and Part Loans.....	350
Mortgage Pool Option Holder	346	Participants.....	202, 208, 350
Mortgage Pool Option Purchase		Paying Agents	212, 259, 350
Price.....	57	Payment Holiday.....	20, 350
Mortgage Pool Purchase.....	57, 346	PDL Maximum Amount	5, 100
Mortgage Pool Purchase Completion		Perfection Events.....	60, 350
Date	6, 57, 171, 346	Performance Report.....	350
Mortgage Pool Purchase Price.....	346	Personal Data	350
Mortgage Pool Purchaser	346	PFIC.....	299
Mortgage Rights.....	346	Plan.....	ix, 313, 315
Mortgage Sale Agreement	346	Plan Asset Regulation.....	305
mortgaged property.....	287	Plans	305
Most Senior Class	257, 286, 347	Plevin.....	116
MoU	120	Policies.....	23, 351
MPOH RR Call Notice.....	58, 172	Pool Factor	242, 351
Net Available Funds.....	197	Port	351
Net Available Principal Funds	197	Post-Enforcement Net Available	
Net Available Revenue Funds	197	Funds.....	197
Net Stable Funding Ratio	45, 347	Post-Enforcement Note Share	220
Non-Liquidity Reserve Fund	347	Post-Enforcement Priority of	
Non-Liquidity Reserve Fund Actual		Payments	226, 269, 351
Amount	347	Post-Enforcement Revenue Note	
Non-Liquidity Reserve Fund Ledger	347	Share	351

Post-Enforcement Revenue VRR	
Share	351
Post-Enforcement VRR Share	197, 220
Potential Event of Default	351
pounds	xix, 320
PPI	116
PPI Deed Poll	351
PPI Undertaking Deed	351
PPN	351
PRA	136, 353
Pre-Enforcement Principal Note	
Share	220, 351
Pre-Enforcement Principal Priority of	
Payments	240, 351
Pre-Enforcement Principal VRR	
Share	197, 220, 351
Pre-Enforcement Priority of	
Payments	351
Pre-Enforcement Revenue Note	
Share	220, 351
Pre-Enforcement Revenue Priority of	
Payments	220, 264, 351
Pre-Enforcement Revenue VRR	
Share	197, 220, 351
Previous IPD	97, 176, 357
PRIPs Regulation	xviii
Principal Amount Outstanding	242, 351
Principal Collections	242, 351
Principal Deficiency	352
Principal Deficiency Ledger	352
Principal Funds	239
Principal Ledger	352
Principal Paying Agent	212, 259, 352
Principal Receipts	352
Priority of Payments	352
Property	352
Property Deeds	352
Property Management Condition	184
Proposed Replacement Legal Title-	
Holder	352
Proposed Replacement Legal Title-	
Holder	37, 62
Proposed Replacement Mortgage	
Administrator	37, 61, 352
Prospectus	vii, 352
Prospectus Regulation	vii, xviii, 353
Provisions for Meetings of	
Noteholders	353
Prudent Mortgage Lender	353
Prudential Regulation Authority	353
PTCE	305
QEF	39, 300
QIBs	ii, iii, x
R Certificateholders	13
R Certificates	353
R Collection Account	181, 353
R Collection Account Agreement	353
R Collection Account Beneficiary	
Accession Agreement	353
R Collection Account Declaration of	
Trust	181, 353
R Collection Account Relevant	
Trustee Accession Agreement	353
R Collection Account Supplemental	
Deed of Declaration of Trust	353
RAO	113, 170, 354
Rate of Interest	354
Rated Notes	vii, 212, 354
Rating Agencies	257, 286, 354
Rating Agency	257, 286, 354
Rating Agency Confirmation	257, 286, 354
Realisation	249, 281, 354
Receiver	354
Reconciliation Amount	239, 354
Record Date	246, 276, 354
Redemption Event	69, 215, 354
Redraw	20, 354
Redraw Notice	54
Reg S	ii, iii, x, 213
Reg S Global Notes	213
Reg S Notes	ii, iii, xiii
Register	354
Registers of Scotland	355
Registrar	212, 259, 355
Registries of Northern Ireland	355
registry map	355
Regulated Mortgage Contract	355
Regulation Effective Date	113
Regulation S	313, 355
Regulatory Authority	355
Related Security	355
relevant Collection Period	238
relevant Determination Period	355
relevant entity	33, 355
Relevant Implementation Date	355
Relevant Information	15, 355
Relevant Margin	234, 356
Relevant Member State	356
Relevant Parties	xvii
Relevant Period	356
Renting Homes Act	125
Repayment Loan	356
Replacement Legal Title-Holder	356
Repurchase Date	356
Repurchase Event	356
Repurchase Price	356
Reserve Fund	96, 356
Reserve Fund Actual Amount	357
Reserve Fund Ledger	357
Reserve Fund Required Amount	96, 176, 357

Residual Payment.....	357	Shortfall	175
Retained Interest	358	Similar Law.....	ix, xiii, 305, 313, 315
Retention	viii, 358	Solvency II.....	361
Retention Holder.....	viii, 358	SONIA	xii, 10, 361
Retention Requirement.....	358	SONIA Reference Rate.....	234
Revenue Collections.....	358	Specified Office.....	361
Revenue Funds.....	239	Sponsors.....	ix
Revenue Ledger.....	358	SRR	33, 361
Revenue Receipts.....	358	Standard Documentation.....	361
Revenue Shortfall.....	175, 358	Standard Security	361
Right to Buy Insurance.....	358	Step-Up Date.....	361
Right to Buy Loan.....	358	sterling	xix, 320
Risk Retention Mortgage Pool		STS Criteria.....	42
Purchase Price.....	60, 173	STS Notification.....	xii
Risk Retention Regulatory Change		STS Securitisation	42
Event.....	43, 60, 173, 245, 359	subpart F income	300
Risk Retention Regulatory Change		Subscribed Notes	361
Option.....	43, 58, 60, 173, 245, 359	Subscription Agreement	307, 361
Rule 144A.....	ii, iii, x, 213, 313	Subsidiary	361
Rule 144A Notes.....	xiii	Sunset Date	111
S Certificateholders.....	13	Supplemental Deed of Charge.....	362
S Certificates.....	359	SVR	362
S&P	359	System	362
Sasine Transfer	359	Target Mortgage Pool	24, 362
Scottish Declaration of Trust.....	359	Target Pool Cut-off Date	362
Scottish Loan.....	359	Target Pool Cut-Off Date.....	24, 145
Scottish Mortgage	359	Third Party Amounts	362
Scottish Property.....	359	Transaction Account.....	363
Scottish Release	359	Transaction Documents	231, 275, 363
Scottish Sasine Sub-Security.....	124	Transaction Parties	363
Scottish Sasine Transfer	124, 359	transaction set-off.....	32
Scottish Security Documents	359	Transfer Date.....	364
Scottish Sub-Security	359	Treaty.....	257, 286, 364
Scottish Trust Security	359	Trust Deed.....	212, 259, 364
Screen.....	234	Trustee	212, 259, 364
SDLT.....	19	U.S.	364
SEC	xiii	U.S. Credit Risk Retention	
Secured Amounts	360	Requirements.....	ix
Secured Creditors.....	360	U.S. Dollars.....	364
Securities Act.....	i, iii, x, 213, 360	U.S. Notes	297
Securitisation Issuers.....	24, 360	U.S. Persons	364
Securitisation Regulation.....	viii	U.S.\$	364
Securitisation Tax Regulations	38, 360	UCPD.....	364
Security.....	217, 360	Unfair Commercial Practices	
Security Interest	360	Directive.....	364
Self-Certified Loan	360	Unfair Practices Directive.....	122
Self-Certified Loans	20	United States holder.....	296
Seller	v, 360	United States shareholders	300
Senior Fees	360	Unpaid Items	364
Senior Notes	361	UTCB.....	21
Senior Servicing Fee Cap	361	UTCCR.....	120, 364
Service Specification.....	361	Value Added Tax.....	364
Servicer Administrator Services	189	VAT.....	364
Services	183, 361	Verified Certificateholder	283, 364
Share Trustee	131, 361	Verified Noteholder	253, 365

Volcker Rule.....	x, 365	VRR Principal Deficiency Ledger.....	365
VRR Entrenched Rights	200, 257, 286	VRR Principal Payment Amounts.....	198
VRR Loan Note	197, 365	VRR Proportion.....	365
VRR Loan Note Agreement	197	Warranties	365
VRR Loan Note Taxes.....	199	Weighted Average Original LTV	365
VRR Loan Noteholder.....	xii, 197	WLTT	19
VRR Other Payment Amounts.....	197	X Noteholders	365
VRR Payment Amounts	198	X Notes	212, 365
VRR Post-Enforcement Payment		X Residual Amount	237, 365
Amount	197	Z1 Noteholders.....	365
VRR Pre-Enforcement Principal		Z1 Notes.....	212, 365
Payment Amount	197	Z1 Residual Amount.....	237, 365
VRR Pre-Enforcement Revenue		Z2 Noteholders.....	365
Payment Amount	197	Z2 Notes.....	212, 365
VRR Principal Amount	197		

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